

## World news Business summary

### US to veto Occidental mandatory plans \$1bn S African equity sanctions offering

The US was set to veto a resolution, expected to be introduced shortly in the UN Security Council, calling for mandatory sanctions against South Africa, US Ambassador Vernon Walters confirmed.

He said if sanctions were imposed on the situation in South Africa later improved, a single big power could veto the lifting of those sanctions. The US, he said, had already imposed some sanctions against Pretoria and had been the first to bar the sale of arms and police equipment to the regime.

Meanwhile, two opposition Democrat members of the US Congress introduced bills which would require divestment of American financial interests in South Africa and a trade embargo against Pretoria.

#### Gulf bombing halt

Iran and Iraq observed a halt to air, missile and artillery attacks on each other's cities after Baghdad said it would suspend air raids on targets inside Iran for two weeks. Tehran said it would stop reprisal attacks on Iraqi cities. Earlier report, Page 3.

#### Ciskei palace attack

President Lennox Sebe, ruler of the "independent" homeland of Ciskei, South Africa, escaped unscathed after an attack on the presidential palace by a truckload of armed men. Page 3.

#### Begun pardoned

Jewish dissident Iosif Begun, imprisoned since 1983 for anti-Soviet activities, was pardoned under a Kremlin decree and might be released today, a Soviet spokesman said. Meanwhile, dissident psychiatrist Anatoly Koryagin, freed under a Kremlin decree, arrived home in Kharkov after 5½ years in prison and labour camps.

#### West Bank unrest

Fresh unrest erupted in the Israeli-occupied West Bank and Gaza Strip for the 11th consecutive day as Palestinian youths stoned troops and Israeli vehicles.

#### Offer to Tamils

Sri Lanka said it would end military operations against Tamil rebels and lift a seven-week fuel embargo if the separatists stopped fighting. But in Jaffna, a group fighting for a Tamil homeland said it would continue bombings.

#### More French N-tests

France reaffirmed its intention to continue nuclear tests in the South Pacific - and to produce chemical weapons - during a speech to the UN disarmament conference in Geneva. Page 2.

#### Militias fight on

Syrian-backed ceasefire patrols ventured into Moslem West Beirut but failed to quell four days of militia battles. Police said at least 150 people had been killed and 300 wounded. Page 3.

#### EEC budget adopted

The European Parliament finally adopted the EEC's delayed 1987 budget on an overwhelming majority, ending an emergency financing system on which the Community had been operating since the beginning of the year.

#### Chinese trade fear

Delayed payments by Chinese organisations could be a sign that the country is suffering a serious shortage of foreign exchange, some international companies fear. Page 3.

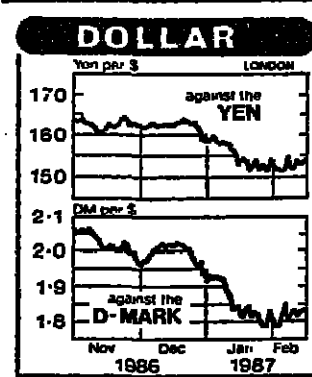
#### Basque poll delayed

Basque politicians postponed until February 26 the election of a regional premier to allow courts to decide whether a jailed ETA separatist guerrilla could present his candidacy in person. Page 2.

## Paris discussions to focus on currencies and economic policies

### G7 nations to meet on Sunday

BY OUR ECONOMICS AND FOREIGN STAFF



THE TOKYO stock market surged to a record yesterday on the news that the leading industrial countries are to meet to discuss economic policies. Japanese investors bought heavily on the hope that the Bank of Japan would cut its discount rate by a half percentage point to 2.5 per cent to coincide with the Paris meeting.

The Nikkei market average jumped over 346 points to a peak 20,228.09 with much of the buying focused on blue chips, chemicals, budget-affected issues and financial stocks.

Turnover, however, slipped back to 1,428m shares. Bond buying gathered pace and the yield on the government bellwether bond fell to 4.705 per cent.

European bourses were also inspired by the proposed meeting. Frankfurt rose on hopes of a more stable dollar which would ease the plight of West Germany's hard-pressed exporters. The Commerzbank index rebounded 45.6 points to 1,733.9.

pected to make efforts to cut its budget deficit and a commitment to stop "talking the dollar down."

It is possible that such statements of intent may be reinforced by promises of actual fiscal measures. These seem more likely to emerge from Japan than West Germany, and it is not at all clear what concrete measures the US could offer in return.

News of the Paris meeting gradually leaked out in the wake of Japan's announcement of another discount rate cut to an all-time low of 2.5 per cent, to become effective on Monday.

Bank of Japan officials said yesterday that the cut from 3 per cent, combined with agreement at what they described as G5 and G7 meetings this weekend on currency market stabilisation measures, would "contribute to stability in the yen-dollar exchange rate."

One senior European monetary official said Japan may be prepared to offer a package of fiscal measures aimed at boosting domestic demand.

Continued on Page 20  
Money markets, Page 35

THE GROUP of Seven leading industrial nations will meet in Paris on Sunday, ending weeks of speculation in international currency markets about whether enough common ground could be found to justify talking at all about greater economic co-operation and stabilising currencies.

It was still not clear yesterday whether the smaller but crucially important Group of Five nations, comprising the US, West Germany, Japan, France and Britain, would also be meeting formally at the weekend.

One senior European monetary official suggested that there was time for multilateral and bilateral contacts between finance ministers and central bankers tomorrow before joining Canada and Italy in the full G7 session on Sunday. Most of the key officials involved will arrive in Paris today.

The meeting is the culmination of weeks of negotiations since the period of extreme volatility in foreign exchange markets early this year which saw the dollar drop rapidly, particularly against the Japanese yen and the West German Deutschmark. Speculation that the Five would come to some agreement to stabilise

the currencies has, to a large measure, been the source of the dollar's tentative recovery from its lows. Yesterday's news that talks were now fixed helped the dollar to make up some ground in London at DM 1.8375 compared with Wednesday's close at DM 1.8285 and at ¥154.05 after ¥153.75.

Monetary officials have made it clear over the past few weeks that the Five were concerned not to hold a meeting without establishing a good measure of common ground beforehand because of the risk of

disappointing financial markets and perhaps causing another dollar collapse.

It is thought unlikely that the meeting would have been called without a good chance of some kind of accord which would stand up to the scrutiny of the foreign exchange market. It is likely that some kind of draft communiqué might already have been drawn up to bring a united end to the talks, whatever the nature of any understanding reached.

One senior European monetary

official said a communiqué was likely to have been drafted in advance as a "contingency measure" to "paper over any cracks" there might be at the end of the talks.

It is not certain how substantive the terms of any accord will be. One senior monetary official said an agreement could consist simply of a repackage of general commitments by West Germany and Japan to boost domestic growth in order to help cut the enormous US trade deficit.

In return, the US would be ex-

## Volcker says currency 'ranges' will fail

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR PAUL VOLCKER, Chairman of the US Federal Reserve Board, warned yesterday that an early attempt to stabilise the values of key international currencies merely by laying down ranges so-called "reference zones" would not work.

Giving a distinctly low-key assessment of what he is expecting to emerge from the meeting in Paris this coming weekend of the Group of Five major industrial countries, Mr Volcker said that he had not called the meeting, that he favoured

greater currency stability and that he hoped the meeting would move the process of international economic policy co-ordination forward. He stressed that, while an early move towards some system of "reference zones" to define the acceptable range of fluctuation amongst the major industrial countries is one approach, it was not one which "substitutes for economic policy co-ordination and consistency."

Mr Volcker's remarks came at the end of two and a half hours of testimony to the US Senate Banking Committee. In his testimony Mr

Volcker underscored the importance he attaches to co-operative efforts by the major industrial countries aimed at reducing their huge budget and current account imbalances.

Once again he argued that the smooth adjustment of these imbalances cannot take place unless Japan and West Germany boost domestic demand and the US moves decisively to set its \$220bn budget deficit on a declining trend.

The Fed chairman also expressed an urgent warning about the outlook for the third world debt situation. The strategy for tackling the

debt problem (the so-called Baker plan) was "bogged down" by the failure of complete bank financing for a number of heavily indebted nations, Mr Volcker said. "This is threatening the whole process."

With financial markets alive with speculation that Brazil may be about to declare a moratorium on its interest payments, Mr Volcker said: "Brazil is in a grave economic crisis right now... inflation has revived, confidence has been lost and its trade position is deteriorating."

Mr Volcker's testimony, which was linked to the Fed's biennial

monetary policy report to Congress, put considerably more emphasis than he has over the past year, on the inflationary threat in the US.

Drawing attention to the fact that inflows of capital from abroad provided more finance for the domestic economy in 1986 than the savings of all US households, Mr Volcker said: "It would be a clear and present danger in my judgment, with respect to capital flows, if people thought inflation were getting out of control again."

Details, Page 4; Baker plan to improve trade, Page 20

## Government clears plan to sell Leyland Trucks

BY PETER RIDDELL AND KENNETH GOODING IN LONDON

THE British Government yesterday threw its support behind a new corporate plan for the state-owned Rover car and truck maker which involves a joint venture with DAF of the Netherlands and collaboration with Honda of Japan.

Rover is to receive up to £750m (\$1.14bn) of new financial support from the Government and has been backing for its plan to join Leyland Trucks into a new joint company controlled by DAF.

This will allow the further development of Rover's Austin Rover volume car subsidiary. The Government is to write off rationalisation costs and accumulated debts from Rover's truck and bus divisions and will cover the cost of taking new Rover equity and thus transform the Rover balance sheet.

Mr Paul Channon, the Trade and Industry Secretary, announced in the House of Commons yesterday that Rover was being "given every single thing asked for" in the corporate plan submitted last December by Mr Graham Day, chairman of Rover, who was appointed last May.

A new Anglo-Dutch commercial vehicle company will be set up incorporating Leyland Trucks, the freight Rover van business and DAF Trucks of the Netherlands. DAF, a privately owned company in which the Dutch Government has an indirect stake of 25 per cent, will own 60 per cent of the combined company and Rover the rest.

The combined company, to be called DAF, would be "in the first division in Europe. Our strengths

match their weaknesses and vice versa," Mr Day said.

The intention is to float the new DAF-Leyland group on the Amsterdam and London stock exchanges in two to three years.

Approval has been given for the new ARB medium-sized car which will replace the Maestro and the Rover 200-series in collaboration with Honda of Japan with a commitment on both sides to strengthen long-term links between the two companies.

Development will go ahead of the new K series engine for small cars and associated gearbox at the cost of £200m.

Background, Page 6; Editorial comment, Page 18

## Poll blow for Haughey

BY HUGH CARNegie IN DUBLIN

MR CHARLES HAUGHEY's Fianna Fail party has failed to win a parliamentary majority in the Irish general election but intends to proceed with a minority government.

With 10 of the 106 seats still to be decided, party officials conceded yesterday that the best result Fianna Fail could achieve was 82 seats, two short of an outright majority.

The result was a considerable blow to Mr Haughey and he may have to rely on the support of at least two independent deputies to

be certain of election as Prime Minister when parliament resumes on March 10.

Fine Gael, led by Dr Garret FitzGerald, the outgoing Prime Minister, was set to be returned with only 51 seats, a net loss of 17. Labour Fine Gael's coalition partner until last month, was on course for 12 seats, a net loss of two, with the Marxist Workers Party winning four, the Democratic Socialist Party one and independents three seats.

Another option being mooted is a formal suspension of some repayments for a short period, perhaps three months.

The recent sharp deterioration in Brazil's payments position is expected to heighten pressure on the Government to relax its steadfast refusal to adopt a programme of economic adjustment under the auspices of the International Monetary Fund.

Editorial comment, Page 18; capital markets, Page 25

## Gorbachev 'was ready to resign'

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL Gorbachev, the Soviet leader, told senior Soviet journalists last week that he would resign if he was unable to carry through his reform programme, according to the weekly Moscow News.

The threat to step down was made at a six-hour meeting between the Soviet leader and the editors of the main Moscow newspapers and magazines, according to Mr Yegor Yakovlev, the editor of Moscow News.

At a recent plenum (meeting) of the Communist Party central committee, the ultimate source of power in the Soviet Union, Mr Gorbachev said: "If the plenum had convened and arrived at the conclusion that reconstruction is not justified and should be rejected, I

should have said: I cannot work otherwise."

Reconstruction is the usual Soviet shorthand for Mr Gorbachev's reform programme. In the last six months the Soviet leader has criticised active and passive opposition among officials to radical economic and political change, but this is the first time he has threatened to step down, albeit in veiled terms, if his reforms are blocked.

The party plenum was postponed three times before convening on January 27, according to Mr Yakovlev.

● An official US report issued yesterday said there had been improvements in Moscow's observance of human rights last year under the rule of Mr Mikhail Gorbachev, Reuters reports.

| CONTENTS                |           |
|-------------------------|-----------|
| Europe                  | 2         |
| Companies               | 21, 22    |
| America                 | 4         |
| Companies               | 21, 22    |
| Overseas                | 3         |
| Companies               | 24        |
| World Trade             | 5         |
| Britain                 | 6, 8      |
| Companies               | 23-30     |
| Agriculture             | 34        |
| Arts - Reviews          | 37        |
| World Guide             | 16        |
| Commercial Law          | 37        |
| Commodities             | 34        |
| Crossword               | 31        |
| Currencies              | 18        |
| Editorial comment       | 25        |
| Euro-options            | 38        |
| Financial Futures       | 35        |
| Gold                    | 24        |
| Int'l Capital Markets   | 25        |
| Letters                 | 19        |
| Lex                     | 20        |
| Lombard                 | 19        |
| Management              | 19        |
| Market Statistics       | 18        |
| Men and Masters         | 35        |
| Money Markets           | 35        |
| Property                | 26        |
| Raw Materials           | 34        |
| Stock markets - Bourses | 39, 42    |
| - Wall Street           | 39, 42    |
| - London                | 36-38, 42 |
| Technology              | 12        |
| Unit Trusts             | 31-33     |
| Weather                 | 20        |



### THATCHER'S CHANCE TO SPEAK FOR EUROPE

The British Prime Minister's period in office has seen a strengthening of foreign policy, Page 19

Defence: US tries to woo Israel away from Lavi project ..... 5  
Management: Pilkington after the bid ..... 9  
Technology: industrial harvest from America's maize mountain ..... 12  
Office design and furniture: Survey ..... 13-15  
Editorial comment: Brazil succumbs to populism; the reshaping of Rover ..... 18  
French universities: no longer any room for equality ..... 18  
Lombard: time to revive the tariff ..... 19  
Lex: British Petroleum; Plessey; BET; ..... 20

THEY'RE THE SAME DRIVE  
-TIME FROM HEATHROW,  
BUT LOOK AT  
THE DIFFERENCE  
IN OVERHEADS.

In Swindon overheads are low, profitability high. Since 1980 over 30 major companies have made it their centre of European operations, and it's easy to see why. Heathrow is just an hour by road, London 55 minutes by train. The workforce is multi-skilled and stable, the quality of life outstanding. Overheads are around one fifth of Central London's, so it's hardly surprising that Swindon is established as the Profit Base. Get the Fact File now. Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon. Or call him on Freephone "Swindon Enterprise".

**SWINDON ENTERPRISE**  
THE PROFIT BASE.



## EUROPEAN NEWS

## Bankrupt French shipyards fail to find buyers

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has failed to find credible purchasers for any of the three shipyards belonging to the Normed group which filed for bankruptcy last year.

Normed went under in July after absorbing the bulk of the FF 12bn (£1.3bn) in aid that the Government spent on the shipyards over the previous three years. In the wake of the collapse, it also announced generous redundancy terms for shipyard workers and the establishment of tax-free zones close to the three sites to help create new jobs.

Mr Alain Madelin, the Industry Minister, said yesterday that of the 6,808 workers employed last June at Dunquerque in the North and La Seyne and La Ciotat on the Mediterranean, just under 2,400 had left. About 80 per cent of them took advantage of the minimum FF 200,000 capital grant that was made available. About half of the rest are following two-year paid re-training courses.

The group is still building six ships—including three container carriers for Morocco—

which are due to be completed between next month and December 1988. Mr Madelin repeated an assurance yesterday that they would be finished. But he put paid to continuing rumours that potential buyers had been found for any of the yards.

The minister gave an encouraging picture of the three tax-free zones where companies are exempted from corporation tax for 10 years. He said that 1,031 jobs had already been created in small and medium sized businesses setting up in the zones—and a further 889 outside them.

Mr Madelin declined to say how many of the new jobs had gone to former Normed workers. He also conceded that the total cost of the Government's package for helping workers and creating jobs would not produce any savings in terms of what had been earmarked for expenditure on the yards. He said, however, that the money was being better spent in preparing for the future.

## France spells out position on cutting its N-weapons

BY WILLIAM DUFFELL IN GENEVA

FRANCE YESTERDAY reaffirmed its intention to continue nuclear tests in the south Pacific and to produce chemical weapons. Mr Jean-Bernard Raimond, the Foreign Minister, also spoke out the French view that the 1972 Anti-Ballistic Missile Treaty would allow the US to conduct research into space weapons but not to start deploying space-based arms.

In a speech to the UN conference on disarmament—the first by a French minister since 1978—Mr Raimond supported the 50 per cent reduction in strategic nuclear arsenals over five years as a target by President Ronald Reagan and Mr Mikhail Gorbachev at the US-Soviet summit meeting in Reykjavik last October.

He added, however, that France would contribute to this process only under specific conditions. The gap between the huge nuclear arsenals of the two big powers and that of France had to be reduced substantially; the existing imbalance in conventional weapons corrected; the threat of chemical warfare eliminated; and no new defensive system debasing the current system of deterrence had to be put in place.

Paris did not accept that a nuclear test ban was a necessary first step to disarmament and saw no reason to let its nuclear deterrent become obsolete (by abandoning the tests needed to modernise it), Mr Raimond said.

Similarly, because of the uncertainty still attached to the

outcome of the talks on a chemical arms ban, France could not abandon its right to equip itself with a limited, purely defensive capacity, the minister said. A project for manufacturing chemical weapons will be debated in the French parliament this spring.

A Soviet offer, submitted to the conference on Tuesday, to disclose the locations of its chemical arms stocks represented substantial progress towards an international treaty and needed to be looked at carefully, Mr Raimond said later.

In his remarks on the ABM Treaty, Mr Raimond appeared to follow the "narrow" interpretation advanced by the Soviet Union and US opponents of the "broad" definition advocated in the current debate in Washington by Mr Caspar Weinberger, the US Defence Secretary.

Research into space weaponry was clearly allowed, since avoiding technological surprises was a factor in the stability of the ABM regime, Mr Raimond said. But the argument over interpretation had to be carefully separated from the question of early deployment of space defences, which would go beyond anything authorised in 1972.

President Reagan's desire to place new weapons in space under his Strategic Defence Initiative has been eroded by the Soviet Union into the biggest obstacle to agreement with the US on nuclear disarmament.

## Norway's economy 'at turning point'

NORWAY'S oil-centred economy is at a turning-point, and policy changes are needed to respond to a continued decline in real national income, according to the Organisation for Economic Co-operation and Development (OECD), Renter reports from Paris.

The OECD said in its latest survey of the country that tumbling oil prices had been directly responsible for a nearly 10 per cent fall in real national income in 1986, and a drop of more than 15 per cent in total export earnings.

"Further losses in real disposable national income are likely to occur in 1987, underlining the need to reduce domestic demand and shift resources into traditional export and import-competing industries," it said.

"On unchanged economic policies, prospects for 1987 are worrying. The growth of demand is likely to decelerate as the consumption and investment boom peters out," it added. In Oslo, government officials said yesterday that the minority Labour Government would next month present an austerity package involving Nkr 1bn (\$142m) of public spending cuts and higher taxes ahead of negotiations on wage increases with the major trade unions.

The OECD forecast economic growth would slow to 3 per cent this year after a 4.5 per cent rise in 1986 and 4.2 per cent in 1985. The official Norwegian forecast is for 3.2 per cent growth in 1987.

The OECD said Norway should reduce inflationary pressures through tighter fiscal and monetary policies, adding that at the end of 1986, after a devaluation, inflation had accelerated to almost 9 per cent from nearly 6 per cent in 1985.

It was also necessary to improve international competitiveness through higher productivity and lower wage inflation at home than abroad.

Possible moves would be to cut back subsidies to the business sector, reduce rigidities in public sector spending, scale back transfers without compromising the welfare system and condition calls for demand or income support to pledges of structural change.

## Basque poll faces delay

BASQUE politicians yesterday postponed the election of a regional premier to allow courts to decide whether a jailed separatist guerrilla suspect could present his candidacy in person, Renter reports from Victoria, Spain.

A spokesman for the regional assembly said the session to elect the premier would be held on February 26—almost three months after Basques voted for the new parliament—instead of today as scheduled.

Political sources said the delay would also allow more time for the two biggest parliamentary groups, the Socialist Party and the Basque Nationalist Party (PNV), to reach agreement on a coalition government. No party has an overall majority in the 75-seat assembly.

Mr Juan Carlos Yoldi, an alleged member of the guerrilla group Eta (Basque Homeland and Freedom), is the candidate for premier put forward by the radical, Herri Batasuna (HB) coalition which shares Eta's separatist objectives.

Spain's top appeals court, which has cited a legal technicality in rejecting Mr Yoldi's petition to leave prison and attend the assembly session, heard a new appeal yesterday.

Meanwhile, a spokesman for the PNV said they had made some progress towards a coalition agreement with the socialists during nine hours of talks on Wednesday.

## A recent border shootout left an uneasy memory, Andriana Ierodiaconou reports Spectre of war haunts Greeks and Turks

GREEK and Turkish officials do not agree on many points of issue when analysing the troubled state of relations between their two countries. But they do share one ominous belief: that unless the present tensions between Greece and Turkey are resolved, sooner or later there will very likely be war between the two members of the North Atlantic Treaty Organisation.

The border patrol shootout in late December across the Evros River in which one Greek and two Turkish guards were killed, was an uncomfortable reminder of how easily a "war by accident" scenario could develop, or indeed be staged, in the region.

Although both the Greek and Turkish governments moved to play down the episode, it has left behind an uneasy memory. On the surface Athens and Ankara remain locked into mutually exclusive positions on how to resolve the Evros clash.

Turkish diplomats interviewed after the incident reiterated their standard charge that Dr Andreas Papandreu, Greece's Socialist Prime Minister, has blocked a resolution of differences by rejecting proposals for a bilateral dialogue put forward by Mr Turgut Ozal, the Turkish premier.

"What Turkey wants is breathing space in the Aegean," one senior Turkish diplomat said, summarising the package of claims for wider sea and air-space rights which Ankara has actively advanced since the 1974 crisis.

At that time the two Nato neighbours came to the brink of war as Turkey invaded and occupied the northern 37 per cent of Cyprus in the wake of a military coup staged on the

island by the Greek junta. Turkish demands include an expanded role in military command and civilian air traffic control in the Aegean airspace, as well as greater Continental shelf rights in the Aegean Sea bed.

Greek officials countered with the equally standard reminder

In the meantime, Greeks of all political persuasions share the conviction that Turkey harbours expansionist designs in the Aegean, which it would be prepared to use military means to advance. Recent public statements by Mr Ozal that Ankara's patience has limits and that Athens should bear

trade concessions with Athens on the Aegean Continental shelf and Cyprus.

Interestingly, it is the view of Greek international law and international relations experts that of the package of Aegean issues advanced by Ankara, the Continental shelf is the only one which can be considered as legitimately bilateral. They contrast it with issues such as civilian air traffic control, which pertains to international organisations such as the International Civil Aviation Organisation (ICAO). Experts suggest that the Continental shelf issue might brook settlement through a combination of preliminary bilateral negotiations and a joint recourse to the International Court of Justice.

At the same time some Greek political analysts insist—against flat denials from the Foreign Ministry—that it has been possible recently to detect tentative moves by Greece to find a way out of the impasse with Turkey.

"Officially there is nothing. But discussions are taking place in the Foreign Ministry today which were not taking place a year ago," one official said.

Greek analysts believe that if Ankara were to extend conciliatory feelings to Athens, its main motive would be to try to buy Greek goodwill in the European Community. Turkey plans to apply for full EEC membership this year, although Brussels is understood to have indicated that it does not see Turkish accession as possible before well into the next century.

Greece has said it will veto the Turkish application, not least because it considers it incompatible with Turkey's continuing occupation of part of Cyprus, which has an association treaty with the EEC and is negotiating full customs

union. Athens has yet to put its signature to the supplementary protocol integrating Greece into the 1963 Turkey EEC Association Treaty. "The fact that Greece is trying to block Turkey's way into the Community is what hurts most," one Turkish diplomat confirmed.

So far, however, there has been no external sign which would justify optimism for an improvement in Greek-Turkish relations in the foreseeable future.

According to Turkish diplomats, to all intents and purposes the Greek attitude towards Ankara remains unaltered. Greek officials argue that Turkey's position has, if anything, hardened.

They cite a recent increase in the number of Turkish occupation troops in Cyprus, noted in the UN Secretary-General's report on the Cyprus issue to the Security Council in early December. According to Greek estimates, troops have been boosted by approximately 25 per cent to about 36,000.

Greek officials also point out that Ankara rejected Athens' offer: the aftermath of the Evros episode, of a recourse to the ICJ on the Continental shelf issue. "Turkey rejected the offer on the grounds that the issue should be judged on the median line principle, which Ankara does not accept. But it is standard procedure for each side to state its terms."

"Turkey could have said we accept recourse to the ICJ but on the basis of some other principle. Then perhaps an understanding could be negotiated on which to base a joint recourse," one Greek international law expert said. Ankara might do worse than to take that as a tip.



Athens has yet to put its signature to the supplementary protocol integrating Greece (led by Dr Andreas Papandreu left) into the 1963 Turkey and EEC Association Treaty. "The fact that Greece is trying to block Turkey's way into the Community is what hurts most," one Turkish diplomat confirmed

that the Papandreu Government entered into a dialogue with Turkey on trade and tourism issues during the Socialist's first four-year term in office, which was broken off in November 1983 because of the unilateral declaration of an independent "state" in the occupied region of Cyprus. Ankara moved promptly to extend recognition, the only government so far to have done so.

The Greek Government has since regularly repeated that it would welcome a resumption of the dialogue with Turkey, provided Ankara withdraws both its claims in the Aegean and its troops from Cyprus.

## US INTENTIONS WORRY PROJECT'S PARTNERS

## Star Wars shadow falls over space station

BY PETER MARSH

THE highly controversial US Star Wars programme is casting its shadow over the plans of the main industrialised nations to build a \$12bn manned space station in the 1990s for use by international teams of scientists.

The US is discussing the station—intended primarily for civilian use—with Western Europe, Japan and Canada. Negotiations are at a critical phase, with legal agreements between the countries scheduled for the summer, in time for development work to start later in the year.

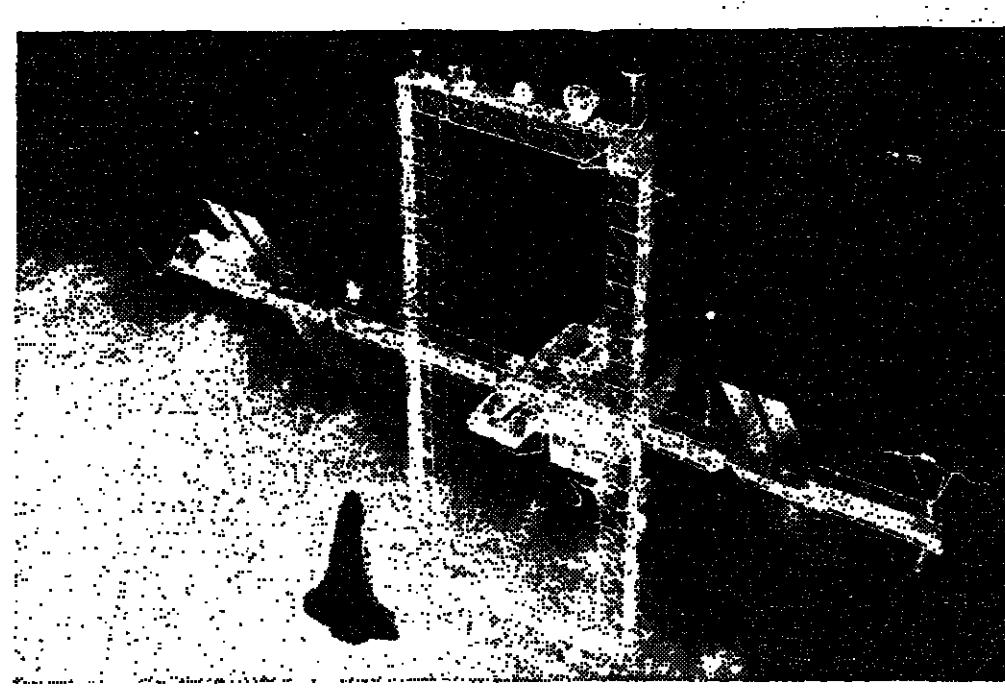
In recent weeks, however, the other nations have realised that the orbiting base, which is intended to accommodate eight people and to be in place by 1994, could become a vehicle for experiments conducted under the \$26bn Star Wars programme, more formally called the Strategic Defence Initiative (SDI).

The space-based experiments could include research into laser weapons and satellite-based sensors, which could form part of an operational shield to defend the West from Soviet nuclear missiles.

The subject of Star Wars is likely to surface at a meeting in Paris next week at which officials from the 13-nation European Space Agency and press US negotiators for more details about possible military plans for the base.

So far, the US, which a little over three years ago invited the overseas countries to participate in the station project on the basis of a partnership, has refused to give assurances about the Star Wars issue. It says, however, that the base will not be used for deploying weapons. Of the estimated \$26bn the station will cost, the US is due to contribute about \$8bn.

The US position, outlined to



An artist's impression of how the space station may look when completed

the other nations at a meeting in Washington last week, is that it reserves the right to use the US part of the orbiting base for unspecified military activities related to research. Officials say that no specific military activities are planned for the station.

On the other hand, they have not ruled out use of the base for Star Wars experiments. A comprehensive US policy over the station has been hammered out in recent weeks by an interdepartmental review group, including the Defence Department, the Arms Control and Disarmament Agency and the Central Intelligence Agency.

These bodies have become involved in the details of space station planning only since last autumn. Hitherto, international

discussions about the base had been led by the National Aeronautics and Space Administration and the State Department.

Given the doubts that exist about Star Wars among many of the governments talking to the US about the space station, the other countries are reluctant to accept the US stance over military activities on the base.

An official from the British National Space Centre said he found parts of the US proposals "disturbing". "It is a funny sort of partnership where the other participants are not allowed to have a say (in activities on board the station)".

Mr Jan Stierstedt, director general of the Swedish Board

for Space Activities, said he could not accept use of the station for any secret military activities. These could include experiments related to Star Wars.

An official from Canada's Department of External Affairs, which is in charge of the space station negotiations with the US, said his government was pressing for "some kind of multilateral oversight" for all the activities on board the station.

US officials are reluctant to talk publicly about the details of the space station negotiations. They say that the subject of how the station is to be managed is still under discussion by the different countries involved.

## Community budget passed

BY TIM DICKSON IN BRUSSELS

THE European Parliament yesterday adopted the EEC's delayed 1987 budget by 301 votes to 41 with five abstentions, thus ending the emergency financing system.

Earlier in the week the parliament's key budget committee—made up of representatives of the main political parties—agreed to accept a compromise tortuously negotiated last Friday by the Council of Budget Ministers.

The "solution"—which will add to the long history of annual budgetary gymnastics associated with EEC spending plans—involved adding less than Ecu 5m

(£3.7m) in commitments to non-farm spending to satisfy both partners in the budget process. By increasing the maximum rate set by ministers from 8.1 to 8.1499 the parliament was able to claim that an important principle had been breached while member-states could say that to the first decimal point their plans had not been altered.

The sums at stake were tiny next to the Ecu 38.3bn budget. More important are the ideas unveiled on Wednesday by Mr Jacques Delors, commission president, for solving the long-term financing needs

by making the same journey. Similarly, wide differences are shown for compact disc players, with Denmark coming out 69 per cent more costly than the UK and 86 per cent more than West Germany.

Perfume prices show a similarly dramatic difference, with Paris coming out as the most costly city in Europe, 35 per cent more expensive than Lisbon. This is also the one product where Danish consumers get a relatively good

deal, paying only 5 per cent more than their Portuguese counterparts.

Prices for car spares do not on average vary dramatically—by 25 per cent at most between the UK and Belgium—but the variation between spares prices for individual models can be huge. Austin Rover Metro parts, to take the most extreme example, cost 52 per cent more in West Germany than they do in the UK.

## Sweden plans higher spending on research

By Sara Webb in Stockholm

THE Swedish Government has posed increased spending on research and development, and has decided to place more emphasis on further education and the creation of jobs in research.

It will also push ahead with its controversial decision to make the commercial banks contribute money for research and development.

The Government proposes spending SKr 27,850m (£3.8bn) on the next three financial years (1987-88 to 1989-90), an increase of SKr 1.2bn on the current three-year research budget.

Research and development accounts for 2.7 per cent of gross national product, which Sweden claims puts it on a par with West Germany.

Nearly half the funds will be spent on higher education, creating research posts and professorships.

The remainder will be split between research and development in environmental issues, biotechnology, information technology, polar research, and on the humanities.

The commercial banks will contribute towards a further SKr 200m for each of the three years.

## Danish pollution vote leaves Folketing split

BY HILARY BARNES IN COPENHAGEN

THE MINORITY non-Socialist Danish coalition parties avoided an overt defeat in the Folketing (parliament) yesterday by abstaining in a vote calling on farmers to slash their use of artificial fertilisers by a quarter within two years or face penal taxes on fertilisers.

In a similar situation, any other government would have resigned, and so should this one, said Mr Sven Auken, a leading spokesman for the opposition Social Democratic Party.

But Prime Minister Poul Schlüter said that he would draw no parliamentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

Yesterday a centre-left "Green" majority resolved that the Government plan was unsatisfactory. It said that if a reduction in the use of artificial fertilisers from about 400,000 tonnes a year at present to 300,000 tonnes in 1989 and 250,000 tonnes in 1990 had not taken place, a tax of DKr 3 (14 US cents) per kilo in 1989 and DKr 6 in 1990 should be placed on fertilisers.

mentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

Yesterday a centre-left "Green" majority resolved that the Government plan was unsatisfactory. It said that if a reduction in the use of artificial fertilisers from about 400,000 tonnes a year at present to 300,000 tonnes in 1989 and 250,000 tonnes in 1990 had not taken place, a tax of DKr 3 (14 US cents) per kilo in 1989 and DKr 6 in 1990 should be placed on fertilisers.

In a similar situation, any other government would have resigned, and so should this one, said Mr Sven Auken, a leading spokesman for the opposition Social Democratic Party.

But Prime Minister Poul Schlüter said that he would draw no parliamentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

Yesterday a centre-left "Green" majority resolved that the Government plan was unsatisfactory. It said that if a reduction in the use of artificial fertilisers from about 400,000 tonnes a year at present to 300,000 tonnes in 1989 and 250,000 tonnes in 1990 had not taken place, a tax of DKr 3 (14 US cents) per kilo in 1989 and DKr 6 in 1990 should be placed on fertilisers.

mentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

mentary consequences from yesterday's vote until the Government's plan for cleaning up Danish coastal waters had completed the committee stage.

## Consumers' guide to best deals in Europe

BY WILLIAM DAWKINS IN BRUSSELS

THE European Community is a long way from achieving a common market in several key consumer products, according to a survey published yesterday by BEUC, the European consumers' association.

Manufacturers of products ranging from cameras through to compact disc players, perfumes, films and spare parts for cars still treat national markets

in Europe as if they were distinct and separate. It advises shoppers who have the choice to buy films in Italy or West Germany, stick to the UK or West Germany for cheap cameras, seek out the best deals on compact disc players in Britain, and go to Portugal or Denmark for perfumes.

Danish photography buffs, for instance, can save 53 per cent on compact cameras by nipping over the border to West Germany and 25 per cent on films

by making the same journey. Similarly, wide differences are shown for compact disc players, with Denmark coming out 69 per cent more costly than the UK and 86 per cent more than West Germany.

Perfume prices show a similarly dramatic difference, with Paris coming out as the most costly city in Europe, 35 per cent more expensive than Lisbon. This is also the one product where Danish consumers get a relatively good

deal, paying only 5 per cent more than their Portuguese counterparts.

Prices for car spares do not on average vary dramatically—by 25 per cent at most between the UK and Belgium—but the variation between spares prices for individual models can be huge. Austin Rover Metro parts, to take the most extreme example, cost 52 per cent more in West Germany than they do in the UK.

## Coalition parties confront Craxi

BY JOHN WYLES IN ROME

LEADERS of Italy's five governing parties will seek to establish a coalition government by the end of the week, Renter reports from Rome. Mr Bettino Craxi, the Socialist leader, is really intent on forcing an early general election.

The Socialist leader has created immense turmoil this week by implying that he will not go through with an agreement made last summer which appeared to require him to hand over to a Christian Democrat at the beginning of April.

In a bid to exploit the ensuing fractures in the coalition, the opposition Communist Party has

tabled a motion of no confidence in the Government. This will be debated after the party leaders' meeting and could be the occasion of the Government's downfall if the Christian Democrats give vent to their growing outrage at Mr Craxi's behaviour.

A measure of the situation's gravity was the absence yesterday of declarations from any political leaders of note. All the parties appear to believe that the drama—which used to be a ritual forerunner to frequent changes of government until the

three and a half years of Craxi administrations—is moving towards a climax.

Both the Christian Democrats and the Socialists want the other to provoke the final break in the belief that a price will then be paid at the polls. Mr Ciriaco De Mita, the Christian Democrat leader who had hoped that his party would lead the government into elections in June next year, appears ready to bring down the government if it can be clearly shown that Mr Craxi is reneging on last summer's agreement.

FINANCIAL TIMES  
Published by the Financial Times  
(Europe) Ltd., Frankfurt Branch,  
represented by E. Hugo, Frankfurt,  
Main, and as members of the Board  
of Directors, F. Barlow, R.A.F.  
McLean, G.T. Damer, M.C.  
Gomez, D.E.P. Palmer, London.  
Printed by Frankfurt-Societäts-  
Druckerei-GmbH, Frankfurt/Main.  
Responsible editor: R.A. Harper.  
Frankfurt/Main Gonselstrasse 34,  
6000 Frankfurt am Main 1, FRG.  
The Financial Times Ltd. 1987.  
FINANCIAL TIMES, USPS No.  
190640, published daily except  
Sundays and holidays U.S.  
subscription rates \$365 00 per annum.  
Second class postage paid at New  
York, N.Y. and at additional mailing  
offices. POSTMASTER: send address  
changes to FINANCIAL TIMES, 14  
East 57th Street, New York, N.Y.  
10022.

Complimentary copies of the  
FINANCIAL TIMES  
are available to guests  
staying at

\* Holiday Inn  
FRANKFURT  
CONFERENCE CENTER

\* Holiday Inn  
FRANKFURT  
CONFERENCE CENTER

\* Holiday Inn  
FRANKFURT  
CONFERENCE CENTER

Mallender Strasse 1,  
6000 Frankfurt 70.  
Tel: (069) 68 02-0, 6802-532  
Telex: 411 805  
Telefax: 6802-333

FINANCIAL TIMES  
EUROPEAN BUSINESS NEWSPAPER  
LONDON - FRANKFURT - NEW YORK



## Deng under fire from Peking conservatives

BY COLINA MACDOUGALL

CHINA's supreme leader, Deng Xiaoping, who has directed Peking's reform policy since 1978, has for the first time come under attack from conservative communists in the current campaign against "bourgeois liberalism."

In a speech this week, Wang Zhen, vice-chairman of the party's Advisory Commission, attributed to Deng's leadership the weakness in the party since 1979, while the party journal Red Flag noted that in recent years "the leadership was rather incompetent on the ideological and theoretical front."

While ostensibly praising Deng for upholding the "four principles" of socialism (party leadership, the socialist road, the people's democratic dictatorship and Marxist-Leninist-Mao thought), Wang noted twice that Deng's leadership had seen a breakdown by some party comrades who opposed these principles.

Attacking the leadership for "incompetence," the Red Flag commented that those in the party who advocated "bourgeois liberalism" were "feared in the knowledge that they had 'strong backing'."

As the chief architect of China's recent policies and the

most dominant leader of the reformist group, Deng is clearly the target of this criticism.

At the same time, other prominent conservative leaders have continued to undermine the reformists by pushing for a reversal of their policies.

Bo Yibo, senior Vice-Chairman of the Advisory Commission, on a visit to the key port city of Tianjin, stressed the need for "experience," elderly officials should not retire, as they have been supposed to do under the reforms, but continue to work with the new younger men.

He also emphasised that "dedication to revolution was more important than professional competence."

Deng Liqun, a party secretary, who masterminded the destructive "anti-spiritual pollution" campaign of 1983, has called for an investigation of college students and their families by party, government and work units.

This is in direct contravention of the policy expressed by reformist leaders that there would be no witch-hunt following the dismissal of Hu Yaobang, party general secretary, and the student demonstrations earlier this winter.

## Worrall to challenge Heunis in election

By Anthony Robinson in Johannesburg

MR DENIS WORRALL, the former South African Ambassador in London, last night injected a note of excitement into the white-only election campaign by announcing his decision to stand as an independent against Mr Chris Heunis, Minister for Constitutional Development.

The decision to challenge his former National Party colleague on May 6 in the Cape seat of Helderberg follows a week of intensive talks with political figures across the spectrum.

At the last election, Mr Heunis won the seat with a 2,942 majority in a straight fight with the Progressive Federal Party (PFP).

The PFP is reserving its own decision about contesting the seat until it sees Mr Worrall's election manifesto, but is expected to stand aside to permit a straight contest.

Mr Worrall criticised the National Party's own election manifesto, released earlier this week, as being "exciting as a wet lettuce" and has made clear he will campaign in support of the Indaba Proposals for a multi-racial constitution for Natal Province.

## OVERSEAS NEWS

## Ciskei attack embarrasses Pretoria

BY ANTHONY ROBINSON

PRESIDENT LENNOX SEBE, ruler of the "independent" homeland of Ciskei, escaped unscathed yesterday after an early morning attack on the presidential palace by a truckload of armed men. The attackers, one of whom died, are believed to have come from nearby Transkei but were disguised in Ciskeian military uniforms.

The attack on the capital, Bisho, is the latest incident in an escalating conflict between the two Xhosa-speaking homelands which are separated by a narrow strip of "white" South Africa. It first erupted last September when two groups of armed white men abducted Mr Charles Sebe, the president's half-brother and erstwhile Minister of Security, from a Ciskeian jail and took him to the Transkei. The former feared security boss was serving a 12-year sentence for allegedly plotting the overthrow of his brother in 1983.

Two top Ciskeian security officials, Maj-Gen Kwane Sebe, the President's son and his second in command, were abducted at the same time and subsequently appeared before a Transkeian court. They were charged with the attempted kidnapping of former Ciskeian government officials.

The South African Government considers both homelands to be "independent" countries and over the last six months senior officials from the Department of Foreign Affairs have

tried without success to mediate in a dispute with embarrassing implications for Pretoria's homeland policy.

Under this policy over 12m blacks have been made citizens of four "independent" and six non-independent homelands. These enjoy varying degrees of local autonomy but are economically, geographically and in other ways largely dependent on South Africa.

The 3m strong Transkei, led by Prime Minister George Matanzima, is pressing for amalgamation of the smaller Ciskei into a united Xhosa-speaking homeland and has provided support for internal opponents of President Sebe. The latter has brought a degree of prosperity to the Ciskei by unconventional "supply-side" economic policies, but lacks the tribal legitimacy of the Transkeian ruling clan. Last year President Sebe cancelled plans for a general election and has been strongly criticised for repressive police action since independence five years ago.

The simmering enmity between the leaders of the two homelands came to a head earlier this week when the Ciskei Government issued an ultimatum obliging all Transkeian citizens to leave by August 31. This was in response to a statement by Prime Minister Matanzima that "Transkei will amalgamate with Ciskei whether

President Sebe likes it or not."

The homelands remain a vital plank in Pretoria's overall neo-apartheid strategy, although this is being modified to restore South African citizenship to those nominal homeland citizens who actually live and work in the republic. But plans to increase the number of "independent" homelands backfired last year when tribal

Work is proceeding apace on a new homeland parliament and government offices to house the expanded homeland administration.

The entire homeland strategy, and the Government's proposals to create semi-autonomous black city-states inside South Africa, are rejected by opposition groups such as the African National Congress (ANC) and the United Democratic Front (UDF), who revile homeland leaders as "sell-outs."

But the homeland concept, part of Dr Hendrik Verwoerd's "constellation of states" theory, is even rejected by several homeland leaders such as Chief Buthezi of Kwazulu and Mr Enos Mabuza of KwaNqomo. Both have agreed to serve only in order to transform them.

The most radical proposal on the agenda is for the incorporation of Kwazulu into Natal province to form one multi-racial regional government. This controversial proposal goes beyond government insistence on ethnically-based political structures and promises to become a major issue in the whites-only election now under way. Pretoria does not need further complications at this stage from Ciskei to underline the shaky basis and fragile complexities of its homeland strategy.



chiefs in KwaNqomo, north of Pretoria, rejected independence. Further evidence that Pretoria is determined to carry on consolidating and extending the size and population of the black homelands emerged this week, however, when the Government confirmed its long term aim of incorporating some 400,000 blacks living at the Overwatch resettlement camp near Bloemfontein into Kwazulu, the tiny homeland in the lee of the Lesotho mountains whose population is less than 200,000.

## Iran scorns Baghdad's offer to halt bombing

By Our Middle East Staff

IRAN yesterday promptly dismissed as a "deception" Iraq's announcement that it would cease its punitive bombing raids on population centres for two weeks provided its enemy also stopped shelling urban areas.

The offered truce began at midday yesterday. Earlier, Iraqi aircraft were reported to have attacked four cities, killing a number of civilians, according to the official Islamic Revolutionary News Agency in Tehran which did not name the targets.

The Iraqi offer was rejected with angry defiance as a ruse aimed at giving Baghdad breathing space "to renew its crimes at a future time."

Before the announcement, Hojateslam Ali Akbar Hashemi Rafsanjani, Speaker of the Iranian Majlis (parliament), had threatened "additional devastating blows" aimed at bringing down the regime of President Saddam Hussein.

Iraqi aerial attacks on Iranian cities and towns have caused extensive damage and many casualties, leading to a major exodus to safer areas. Yet, in terms of morale, it is reported only to have produced a sullen defiance.

## Companies fear cut in China's foreign dealings

BY ROBERT THOMSON IN BEIJING

NUMEROUS foreign companies are concerned that unusually delayed payments by Chinese organisations could be a sign that the country is suffering a serious shortage of foreign exchange that will lead to a cutback in financial dealings with foreigners this year.

Representatives from Japanese and West European companies report that often late-paying organisations are further behind schedule than normal, and a few have admitted they are suffering from chronic foreign exchange shortages.

The concern, which has also been expressed by diplomats from several countries, comes amid a conservative-led campaign by the Communist Party against "bourgeois liberalism" by which the party means Western influence.

Chinese trade officials have privately admitted that business has been hit by a "chill," but the Chinese leadership has repeatedly said no change will be made to the "open door" policy that has welcomed foreign companies.

"I have been optimistic since I have been in China, but now I am pessimistic," said one European businessman, a long-time resident. He expects his company's business to be down about 50 per cent this year on 1986.

China's foreign exchange reserves at the end of last September were \$10.57 bn (\$7.4bn) according to the People's Bank of China, the central bank.

However, diplomats believe the figure, down about \$1.5bn on the previous quarter, could be overstated.

Analysts also suggest that a surge in imports in the fourth quarter of last year could have contributed to the decline of exchange reserves, which reached a peak of more than \$16bn in late 1984.

Meanwhile, the state statistical bureau yesterday released incomplete figures on the country's economic performance last year. The bureau reported that industrial output exceeded the planned level of 8 per cent, but did not give a precise figure.

Industrial last year was said to have been 6 per cent, down from 8.8 per cent in 1985, but diplomats suggest that the real rate could be at least twice as high as the official figure.

Price increases have become a sensitive political issue, and the Government recently re-introduced price controls in an attempt to slow the rate of increase.

The bureau said the Government had succeeded in lowering the increase of investment in fixed assets by state-owned enterprises from 41.8 per cent in 1985 to 15.3 per cent last year.

Grain production, another sensitive political issue, was up 11.99m tons to 391.09m tons, but that has not stopped senior conservative officials warning that the country is in danger of collapse unless grain output is increased significantly.

## Naira falls 23% against \$

NIGERIA'S see-sawing naira currency moved sharply again at the weekly official foreign exchange auction yesterday, falling by 23 per cent against the US dollar, central bank officials said, Reuters reports from Lagos.

The rate was fixed at 3,000 naira to the dollar compared with last week's rate of three naira which was set after an unprecedented intervention by the government.

Yesterday's slide was largely due to the fact that only \$50m was on offer, forcing up demand compared with \$75m on sale last week, bankers

said.

The effective rate for foreign exchange transactions in the coming week, which includes a 0.5 per cent central bank levy, was set at 3,924.

Operation of the weekly auctions, which began last September and led to an immediate de facto devaluation, aroused controversy last week when the government overruled the central bank and imposed a rate of three naira to the dollar.

That was the original market rate, but the government, deeming that it overvalued the currency, intervened to set a rate of 3.50.

## Fresh Shi'ite call to arms mars Syrian peace hopes

BY NORA BOUSTANY IN BEIRUT

A SHI'ITE call to arms yesterday to counter a new Druze leftist alliance and sporadic combat in localised areas of west Beirut marred hopes for a durable pacification sought by Syria following four days of battles for control of the city. Mr Nabih Berri the Amal chief issued a fervent plea to his men to "fight and persevere until victory or martyrdom."

In Beirut, a joint Syrian-Lebanese security force backed by commanders of the rival Druze and Amal militias set up main points of disengagement in contested neighbourhoods, established as new confrontation lines.

However, Communist Party officials, whose Soviet-trained regulars had fought alongside Mr Walid Jumblat's mainly Druze Progressive Socialist Party militiamen to break the back of the dominant Shi'ite Amal movement in Beirut, said the Syrian-imposed ceasefire would not last.

Druze and Communist combatants managed to seal off areas in which the state-run television station and homes of senior Amal officials are located.

A military spokesman for

Amal, Mr Tareq Ibrahim, termed the truce as "temporary and mainly aimed at providing the civilian population with a respite period."

"Those who have launched an offensive against us are not going to content themselves with battle for a day or two," he added.

Mr Hussein Al-Husseini, speaker of the Lebanese parliament, appealed to Syria's President Hafez Assad to step in and stop the bloodshed, while Mr Selim Hoss, Education Minister, lashed out against Lebanon's warlords "steering the population like cattle on the road to death, ruin and destruction."

Observers predicted that if the battle dragged on to Amal's disadvantage, elements of the Hizbollah ("Party of God") militia would be difficult to hold back from what is becoming a war of survival in Beirut for the Shi'ite community.

Syria would not stand by and watch its most important local ally suffer a crushing defeat, they said. But so far, there was no proof, despite repeated warnings, that Syrian troops were about to re-enter the Beirut quagmire in force.



## THE AMSTRAD 8256. MORE THAN A WORDPROCESSOR, FOR LESS THAN A TYPEWRITER.

The Amstrad 8256 offers you more than the average wordprocessor for less than the average typewriter.

Its incredibly low price includes a monitor, disc drive, keyboard, wordprocessing software and a printer.

The high resolution monitor can show 90 columns and 32 lines of text at the same time.

A RAM disc facility means you can store and retrieve information instantly.

All the software you need to start wordprocessing comes free, so there are no hidden extras to pay.

And the enormous 256K memory means you're also getting a powerful personal computer.

(If you want even more wordprocessing and computing power there's now an 8512 model, with two disc drives and 512K of memory.)

But what makes the Amstrad even more of a bargain is the fully integrated printer, with its automatic paperloader, tractor feed and choice of printing speeds.

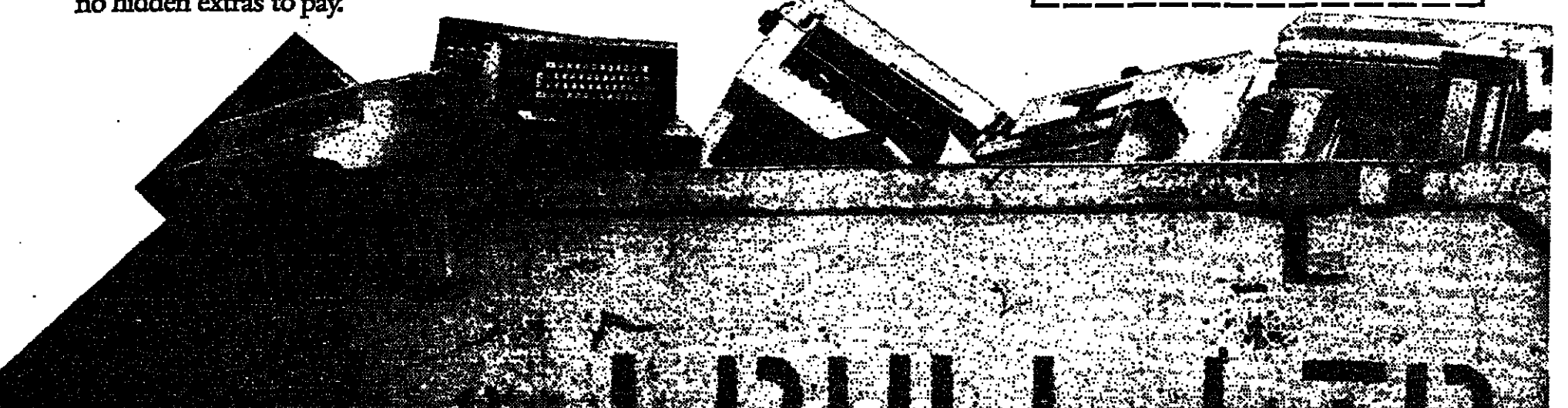
The Amstrad 8256 is also backed up by numerous peripherals and services,

including an optional on-site nationwide service contract for business users.

All this for a machine that costs just £399 plus VAT.

When you update the office, shouldn't you make room for one?

Please send me some more information about the PCW 8256.  
 Home user ☐ Office user ☐ (Please tick)  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Tel \_\_\_\_\_  
 Company \_\_\_\_\_  
**AMSTRAD PCW 8256**  
 Amstrad plc, PO Box 462, Broomfield, Essex CM14 4EF.  
 Telephone (0277) 230222. FT 192



AVAILABLE AT: BOOTS · COMET · CURRY'S · DIXONS · ELECTRIC SUPREME · LASKYS · W.H. SMITH · HILL INTERNATIONAL · METYCLEAN · MBS · NORBAIN · OFFICE INTERNATIONAL · RONALD MARTIN GROOMER · RYMANS · SANDHURST · TANDY · VISTEC · WILDINGS AND GOOD INDEPENDENT COMPUTER STORES.



## AMERICAN NEWS

## Citibank caves in over Chile loan terms

By Alexander Nicol, Euromarkets Editor

CHILE'S advisory committee of leading bank creditors has resolved a long-standing internal wrangle which had been blocking progress on agreeing a new loan of some \$400m (£261m) to the country.

Bankers close to the negotiations said yesterday that a consensus had been reached on so-called "re-timing" an alteration sought by Chile to the usual interest payment schedule in order to reduce the amount of money it needed to raise.

Citibank, a member of the committee which is chaired by Manufacturers Hanover, had previously held out against the alteration, apparently fearing that it would set a precedent for other debt negotiations.

It was understood to have come under strong pressure from both fellow committee members and from Washington to modify its stance. Bankers and US officials have said Chile's request deserved consideration because it had fulfilled its obligations under previous debt accords, and under its International Monetary Fund (IMF) programme.

Citibank has stirred considerable unpopularity among other large creditor banks for the tough line it has taken in talks on Chile and the Philippines.

Under the "re-timing" plan, Chile's interest would be payable once a year, based on a margin over one-year London interbank offered rates (Libor), instead of every half-year based on six-months Libor as at present. This change would reduce the amount of new money Chile needs by over \$400m.

Bankers stressed that the reaching of a consensus on re-timing did not mean that agreement had been reached on the new loan.

The advisory committee was continuing to meet yesterday with Chilean officials.

The committee was understood to be working on plans for the new loan to be made in parallel with a World Bank financing.

## Volcker warns against retreat into protectionism



Volcker hopeful

MR PAUL VOLCKER, Chairman of the US Federal Reserve Board, yesterday delivered his biannual report on US monetary policy and the economy to the Senate Banking, Housing and Urban Affairs committee. The following is an edited version of his remarks:

**The Economic Setting:** The current economic expansion, now extending into its fifth year—is already among the longest in peacetime history. It is unusual in other respects as well, including the absence of certain signs of cyclical excesses that often develop after years of expansion.

While the overall rate of economic growth has been rather moderate since mid-1984, averaging about 2½ per cent a year, that growth has been maintained despite strong pressures on sizeable sectors of the economy.

More importantly, both the inflation rate and interest rates, after four years of expansion, are substantially lower than when the recovery started.

But if the traditional indicators of cyclical problems are largely absent, it is also evident that the economy is struggling with structural distortions and imbalances that, for us, have little precedent.

Economic activity over the past two years has been supported very largely by consumption. That has been at the expense of reduced personal saving rates that, by world standards, were already chronically low. At the same time, the huge federal deficit is absorbing a disproportionate amount of our limited savings.

For a time, we have largely escaped the adverse consequences for financial markets of that insidious combination of low saving rates and high federal deficits by drawing on capital from abroad—the flow of which in 1986 actually exceeded all the savings by US households.

The other side of that coin, however, is a massive trade and current account deficit, restraining growth in manufacturing generally and incentives for the industrial investment that we will need in the years ahead.

The simple facts are that we are spending more than we

produce and that we are unable to finance at home both our investment needs and the federal deficit. Those are not conditions that are sustainable for long—not when, as at present, the inflow of capital from abroad cannot be traced to a surge in productive investment.

It is not sustainable from an economic perspective to pile up foreign debts while failing to make the investment that we need both to generate growth and to earn the money to service the debts.

It is not supportable politically, as the pressures on our industrial base are transmitted into demands for protection.

Ultimately it will not be supportable from an international perspective either, as the confidence that underlines the flow of foreign savings will be eroded.

Sooner or later, the process will stop. The only question is when.

**The Broad Policy Approach:** In concept, we could shut off the flow of imports by aggressive, broadbrush protectionist measures. But the result would be to drive up the rate of inflation and interest rates here to damage growth abroad, and to invite retaliation. Instead of sustained and orderly growth, we would invite world-wide recession.

We could try to drive the dollar much lower, compellingly sit back while the market forces produce that result. But that too would undermine the hard-won gains against inflation, and would risk dissi-

pating the flow of foreign capital we for the time being need.

The stability of financial markets would be jeopardised, and export prospects could be undermined by adverse effects on growth abroad.

There is a reasonable alternative. It is more complicated, but at the same time much more promising.

We can draw upon a combination of policy instruments to encourage the needed adjustments. Results may take time. But those results will come with greater certainty—and they should be consistent with maintaining growth both here and abroad, with progress towards underlying price stability and win open markets.

That is, in fact, the course on which we are embarked. Important steps have already been taken in the needed directions. Most obviously, the value of the dollar vis-à-vis the currencies of other industrialised countries has declined substantially, placing our industry in a much stronger competitive position.

The volume of exports is rising, despite relatively slow growth abroad. The deterioration in the trade deficit overall appears to have been stemmed, even if clear evidence of a reversal is still lacking.

Moreover, while the depreciation of the dollar inevitably carries in its train rising import prices, we have been fortunate that the initial impact on the overall price level was more than offset by the fall in oil prices.

| ECONOMIC PROJECTIONS FOR 1987                       |             |                  |                |      |  |
|---|-------------|------------------|----------------|------|--|
| (Per cent change, fourth quarter to fourth quarter) |             |                  |                |      |  |
| FOMC members and other — FRB: presidents —          |             |                  |                |      |  |
|   | Range       | Central tendency | Administration | CEOs |  |
| Nominal GNP   | 4.5 to 7.5  | 5.75 to 6.5      | 6.9            | 6.5  |  |
| Real GNP  | 2.0 to 4.0  | 2.5 to 3.0       | 3.2            | 3.0  |  |
| Unemployment rate                                   | 2.5 to 4.0  | 3.0 to 3.5       | 3.5            | 3.4  |  |
| Unemployment rate (4th qtr %)                       | 6.5 to 6.75 | 6.5 to 6.75      | 6.5            | 6.6* |  |

\* Civilian unemployment rate. † Federal Open Market Committee. ‡ Federal Reserve Bank. § Congressional Budget Office.

Source: Federal Reserve Board.

The underlying inflation rate, measured by trends in wages relative to productivity, has continued to fall.

We have also been fortunate that the flow of capital from abroad, buoyed by the rising stock and bond markets here and by some declines in interest rates abroad, has been well maintained as the dollar depreciated.

The projected reduction of \$400m to \$500m in the budget deficit this year is from a record high deficit of more than \$220bn in fiscal 1986—more than 5 per cent of the GNP—and it is being assisted by some temporary factors. Progress next year will be harder.

**Consistency:** "Inevitably, because we loom so large in the world economy, marked improvement in our trade balance will be matched by noticeable deterioration elsewhere. Appropriately that should take place largely in the major countries with exceptionally large surpluses—notably Japan and Germany, both of which are now experiencing some decline in real net exports."

That process cannot take place effectively unless those countries and others are able to maintain a strong momentum of internal demand.

Some newly industrialised countries also have clear responsibilities for contributing to a better world balance. Taiwan and Korea, in particular, have or are building external surpluses that are large even by the standards of the traditional industrial powers.

In that connection, most of the developing world, already carrying heavy debt burdens, is in no position to revalue currencies or to absorb much higher imports (from the United States or from others) without more or less parallel increases in their exports.

For us to close our markets to them would assuredly thwart prospects for expansion, and with it the encouraging progress that has been made toward both more open, competitive economies and political democracy. What is needed in the United States is greater access by those countries to growing markets in Europe and Japan as well as here.

**The Debt Situation:** I cannot neglect emphasising one further continuing threat to growth and financial stability involving the debt problem of Latin America and some other developing countries is again at a critical stage. M/C 13

In recent months, the process of reaching agreement on adequately supportive and timely financing programmes, whether by restructuring existing debts or by arranging what new loans are necessary, has conspicuously slowed.

Implications for US Policy: Several key implications of all this for the US should be clear. First, the process of restoring external balance requires first of all that we tend to our inescapable responsibilities to deal with our budget deficit.

Second, we have to recognise that the needed adjustments will require a relative shift of

financial and real resources into internationally competitive industry and away from consumption and federal deficits.

Finally, achieving these goals in the context of sustained growth and reasonable price stability is beyond the capacity of any single policy instrument. Quite obviously, monetary policy will have a critical role to play. But there will also be a heavy premium on maintaining discipline and sound judgment amid potentially conflicting criteria.

**Rapid Growth of Money and Liquidity:** Throughout 1986, monetary policy accommodated a relatively rapid growth in the various monetary aggregates; the narrowly measured money supply—M1—grew at a particularly rapid pace.

This generous provision of reserves and expansion in money took place in, and appeared justified by, an estimated 1½ per cent of restrained economic growth and declining inflationary pressures.

**The Approach to 1987:** The Committee remains highly conscious of the long historical patterns that relate high rates of monetary growth over time to inflation. Consequently, in approaching 1987, it starts with the strong presumption that such growth should be moderated. Reflecting that intent, the tentative target ranges for M2 and M3 set out last July of 5½ to 6½ per cent were reaffirmed.

While anticipating much slower growth than in 1986, the Committee did not set out a specific target range for M1. Instead, the Committee will monitor M1 closely in the light of other information, including whether or not changes in that aggregate tend to reinforce or negate concerns arising from movements in M2 and M3.

**Concluding Comments:** In sum, we face, at one and the same time, most difficult and most promising economic circumstances.

They are difficult because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

They are promising because there are obvious distortions and imbalances within our economy and internationally. Unless dealt with forcibly and effectively, those imbalances will impair both growth and price stability—and the adverse implications will be amplified by the effects on other countries.

## Economic growth in US slows to 1.3%

THE US economy grew at a weak annual rate of 1.3 per cent during the final three months of 1986, down from the previous estimate of 1.7 per cent, Reuter reports from Washington.

The Commerce Department said gross national product (GNP), which measures the nation's output of goods and services, expanded by 2.5 per cent in the full year, the same as estimated previously.

The weak fourth quarter compared with a growth rate of 2.8 per cent in the third quarter.

The revised estimate for the fourth-quarter GNP was lowered as a result of a sharp downward revision in inventories of \$12.9bn (£8.4bn). Inventories of manufactured durable goods, such as machinery and electrical products fell noticeably.

However, the revisions also showed the trade deficit was less of a drag on GNP than previously thought. Net exports were revised upward \$4.5bn and non-residential fixed investment up \$4.9bn.

The shortfall between US exports and imports reached a record \$170bn last year and the Reagan administration had pledged to cut the deficit.

The implicit price deflator, an inflation gauge, rose a revised 0.7 per cent in the fourth quarter, the smallest increase since the second quarter of 1987, when the deflator was at zero, the Commerce Department said.

Previously, the deflator had increased by 1 per cent. Personal consumption spending fell \$600m in the fourth quarter after rising \$38.6bn in the third quarter.

The 1.3 per cent increase in real GNP of \$11.6bn brought the total to \$3,698 trillion (million million) at an annual rate. In current dollars, GNP rose 1.9 per cent to \$4.31 trillion in the fourth quarter after rising 6.4 per cent in the third quarter.

The 1.3 per cent increase in real GNP of \$11.6bn brought the total to \$3,698 trillion (million million) at an annual rate. In current dollars, GNP rose 1.9 per cent to \$4.31 trillion in the fourth quarter after rising 6.4 per cent in the third quarter.

The 1.3 per cent increase in real GNP of \$11.6bn brought the total to \$3,698 trillion (million million) at an annual rate. In current dollars, GNP rose 1.9 per cent to \$4.31 trillion in the fourth quarter after rising 6.4 per cent in the third quarter.

The 1.3 per cent increase in real GNP of \$11.6bn brought the total to \$3,698 trillion (million million) at an annual rate. In current dollars, GNP rose 1.9 per cent to \$4.31 trillion in the fourth quarter after rising 6.4 per cent in the third quarter.

## L'ORÉAL

In 1986 L'ORÉAL generated consolidated sales of 18,124 billion francs.

Total sales rose 11 % over 1985, with cosmetics sales up 13 % and pharmaceutical sales up 3 %. These increases were calculated on a comparable basis in terms of structure and exchange rates.

Though final figures are not yet available, the 1986 growth in operating profit should be greater than the sales increase. Consolidated net profit is expected to show even stronger growth.

Mr. Charles ZVIAK, L'ORÉAL's Chairman and Chief Executive Officer, announced the formation of L'ORÉAL FINANCES which will be headed by Mr. Marc LADREIT de LACHARRIÈRE, Group Senior Executive Vice President.

L'ORÉAL FINANCES will conceive, develop and coordinate the Group's financial policy and strategy.

Jacques MAYOUC, Honorary Chairman of SOCIÉTÉ GÉNÉRALE, Jean PEYRELEVADE, Chairman of Banque STERN, and Jacques VIZIOZ, former Chairman of BANEX, have accepted special assignments to advise and assist Mr. Marc LADREIT de LACHARRIÈRE.

L'ORÉAL implements its financial strategy through "BANQUE DE RÉALISATIONS, DE GESTION ET DE FINANCEMENT" (REGEF), a French Bank, HOLDILUX, a financial institution based in Luxembourg, and PAROR, a French investment company which has acquired a 1 % interest in the capital of Compagnie Financière de Paris.



## IN U.S.A. FOR SALE

### High-Income Investments

## REVLON BUILDING

### Louisville (Kentucky)

**Tenant:** REVLON INC. a worldwide known company, leading in the field of cosmetics and health care

**Lease:** 15 years with rent escalation clauses, absolutely Triple Net (all expenses as insurance, real estate taxes, maintenance, repairs, etc. being totally paid by the tenant)

**Price:** US\$2,850,000 Mortgage at lowest rate available

**Initial return:** 8.77%

We are an international group with affiliated and representative offices in Miami, Geneva, Montreal and Frankfurt, operating since 1975, that offers high quality real estate investments together with a large display of services such as legal, fiscal and financial consultancy, property management, financing, organization and management of off-shore corporations, patrimony management, trust services, etc.

Please contact:  
ORION INVESTMENTS & TRUST LTD  
15 rue du Candrier  
P.O. Box 567  
1211 GENEVA 1  
Tel: (22) 32.48.05  
Telex: 23676 ORION CH  
Fax: (22) 31.99.41

DISCRETION GUARANTEED

## Managua agrees to peace talks

NICARAGUA YESTERDAY accepted an invitation from its four neighbours to discuss a new Central American peace plan, but insisted the proposal should not supersede the existing Contadora negotiating process, Peter Ford reports from Managua.

In San Jose last weekend, the Presidents of El Salvador, Honduras and Guatemala refused to endorse a plan by Costa Rica's President Oscar Arias before discussing it further with Nicaragua.

The new initiative would require all Central American governments fighting guerrilla wars to declare immediate ceasefires and early amnesties.

Managua insisted on "an end to US terrorist policy," a dialogue between all five Central American leaders, support for Contadora, and "unconditional dialogue between the US and Nicaragua."

## David Fishlock talks to Dr David Rossin, assistant secretary for nuclear energy

## US debates N-reactor design

HAS the present generation of American nuclear reactors had its day, just as Britain seems likely to place its first order?

Some US nuclear industry observers believe this is so. Although over 100 commercial reactors are running in the US, and 10 more are expected to come into service by 1990, no new light water reactor (LWR) has been ordered since the accident on Three Mile Island in 1979. Cancellations in the last decade total 111.

A couple of working reactors may yet be killed off because of apparently unsurmountable licensing problems.

Some Americans want to see a new approach taken to reactor design, focusing on smaller units and so-called "inherent safety", for which several concepts are now being touted.

Dr David Rossin believes otherwise; that the future for US nuclear energy lies in getting the present designs right, both in costs and in public acceptability.

Dr Rossin is the US Administration's top adviser on civil nuclear energy, newly recruited from a senior role in reactor safety with the US electricity industry. He knows the problems of present designs at first hand.

As assistant secretary for nuclear energy at the Department of Energy in Washington, he is official spokesman and the technology's principal voice on Capitol Hill. A "youthman of the nuclear establishment", as one observer sees him, Dr Rossin brings wit as well as immense expertise to the task.

He says his highest priority is to reopen the option of commercial nuclear electricity in the US. Today it is bedevilled both by the safety issue and by the traditional US method of financing new electricity

plants, which militates against nuclear energy because of its high capital but low running costs.

Dr Rossin is a metallurgist in his mid-fifties who has spent a career in nuclear energy, for the first 17 years with the Argonne National Laboratory near Chicago, a fountainhead of reactor invention. Since then he has been research director of Commonwealth Edison in Chicago, one of the foremost US customers for nuclear reactors.

Until late summer he was director of the Electric Power Research Institute's nuclear safety analysis centre in California, concerned with reactor safety nationwide.

"Not money, not climate" persuaded Dr Rossin to move East. It was the challenge "to see if I could do something," thrown down by the US Cabinet, he says, with twinkling good humour. As a scientist he was all too familiar with the problems but had never previously worked for the government.

He brings ideas but says they warned him the hardest part of the job would be managing his own time. "It's hard as hell getting the time to think clearly."

But Dr Rossin is clear on one

point. The advanced light water reactor (ALWR) as a "clean, more simple design with all the necessary safety features," but rid of clumsy redundancies.

One example he offers of where US designers and regulators have run amok in response to pressures for greater safety is in earthquake resistance. So many "snubbers," as they call pipe restraints, have been added that costs have soared skywards and access for maintenance been made almost impossible.

His own analyses show that many of them are superfluous and add nothing to safety, he says.

Another example is emergency power services, where so many circuits have been loaded on that the extra safety sought is now being eroded.

The ALWR concept aims to bring the latest safety analyses to bear on design concepts for the pressurised water reactor (PWR) and boiling water reactor (BWR). "We're not talking about a new technology. We're talking about cleaning up a technology."

This is precisely what the Central Electricity Generating Board claims to have done in arriving at its design for a "British PWR" based on Westinghouse reactor technology, for Sizewell B.

Dr Rossin believes the ALWR concept will go into commercial operation in the US without need for a demonstration, because the basic principles are already established. But the ALWR must first surmount a complete safety review by the Nuclear Regulatory Commission, the Government's nuclear inspectors.

It will also require the support of Congress—and it is Dr Rossin's task to win that support. His office will be spending over £10m this year to help fuse industry's ideas

for the ALWR into a single, saleable concept.

While he does not take seriously, he says, suggestions that the LWRs should be abandoned, he nevertheless believes it "healthy" to have alternative reactor designs available.

His office is focusing on three modular concepts for designs sufficiently novel to need demonstrations before commercial orders could be sought. This puts the prospect of commercial sales close to the end of the century, at the earliest.

One is a high-temperature gas-cooled reactor, running hotter than Britain's troublesome advanced gas-cooled reactor (AGR) but simpler in design. The HTGR has strong Congressional support. Dr Rossin acknowledges, and hence the most generous funding of the three concepts.

Another advanced concept is based on the plutonium-fuelled fast reactor, or liquid-metal breeder reactor (LMBR), as Americans call it. The US and Britain are each spending about £100m a year on this technology; the UK in collaboration with France, West Germany and other European partners in their fast reactor club.

Dr Rossin's office has been in deep shock since Congress cancelled funds for its Clinch River LMBR demonstration—its lead project—three years ago. His own post remained vacant for two years.

The new incumbent is unhampered by any past associations with this or any other specific reactor design. David Rossin has recently initiated a meeting with the leading fast reactor club partners, seeking agreement to exchange advanced fuel technology, particularly for the LMBR.

It could be the first step towards US participation in the European club.

## Reagan lifts remaining sanctions on Poland

PRESIDENT Ronald Reagan yesterday lifted remaining sanctions imposed on Poland following its crackdown on the Solidarity labour movement, but said the Polish Government must be needed to institute further reforms, Reuter reports.

"There is still far to go," Mr Reagan said. "The threat of arrest still hangs over those who seek their freedom. National reconciliation remains a dream—a goal for the future, rather than a reality for today."

The Polish Government has taken steps that lead me to believe that Poland should be given a renewed opportunity to address its trade obligations with the benefit of most-favoured-nation (MFN) tariff treatment."

But the US would be watching "to see that further steps

are taken toward national reconciliation... and that progress is not reversed."

Administration officials said, however, that some Polish-American groups opposed Mr Reagan's action.

Poland's official communist daily Trybuna Ludu described the move as a sign of "realism and rationalism" on the part of the Reagan Administration. Poland hoped that the ending of sanctions would "grow correspondingly to the practical normalisation of political, economic and cultural relations," Trybuna Ludu added.

The US move follows a visit to Warsaw last month by Mr Jan Whitehead, Deputy Secretary of State, during which he met Mr Lech Walasa, former leader of Solidarity, as well as Gen Wojciech Jaruzelski, the Polish leader.

## Israel to answer questions on Iran arms scandal

ISRAEL will give the US congressional committee investigating the Iran-Contra controversy written answers to questions about the Israeli role in secret arms sales to Iran, AP reports from Washington.

"We have a significant agreement about co-operation," said Mr James Wright of Texas, House of Representatives Speaker. "We will respect their sovereignty and they will respect our need for information."

Senator Daniel Inouye, the Chairman of the Senate Iran-

Contrast investigating committee, said Israel has agreed to comply with a chronology of national transactions and contacts with US officials, and make it available to investigators.

Mr Yitzhak Shamir, the visiting Israeli Prime Minister, confirmed the agreement. It was unclear whether it would include the actions of private Israeli arms dealers.

In addition, Mr Inouye said the two committees will prepare a set of questions and the Government of Israel "will

## Big Gains Ahead

### As Data Flows

## Like Electricity

For almost two years Indigo has been publishing recommendations and projections involving pioneers in the formation of Ethernet—the Xerox-backed system which progressive businesses use in order to plug into various data flows in the same way that you turn on a tap or plug in a toaster. Digital equipment and intel as early participants have both doubled in a year or less. But now more than 100 smaller companies provide special function hardware for use with Ethernet; and some like Convergent Technology are selling low priced and looking potent. As for Xerox itself, we've just suggested that clients with "teenagers" in the family could wind up putting them through college with it. More growth finds every week in "Discovery"—a weekly projection-packed report we'll be happy to send you with our compliments.

**Indigo**  
INVESTMENT S.A.

Avda. Palma de Mallorca 43,  
Torre Molinos (Málaga) Spain.

Gentlemen: Please begin sending complimentary copies of "Discovery" with its selections and projections in new-generation growth areas.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
TELEPHONE (Business) \_\_\_\_\_ (Home) \_\_\_\_\_  
TELEX \_\_\_\_\_



## WORLD TRADE NEWS

## US tries to woo Israel away from Lavi project

US ADMINISTRATION officials will take the opportunity of this week's official visit to Washington by Mr Yitzhak Rabin, the Israeli Prime Minister, to make another determined effort to persuade Israel to drop its controversial Lavi aircraft project.

McDonnell Douglas and General Dynamics, of the US, have just completed a series of presentations in Israel on possible alternatives to the Lavi.

Washington has exerted unrelenting pressure on Israel to cancel the largely US-financed \$8bn project on the grounds that it is not cost effective. The National Unity Government says, without enthusiasm, that it is prepared to look at other options, but in the meantime Israel Aircraft Industries (IAI) is pressing ahead with the Lavi's flight test programme.

The choice would no doubt prove temporary, however, for the potential customer. The permutations of the latest in US military hardware on offer range from the McDonnell Douglas AV-8B, US-built version of the Harrier, to the F-18 Tigerhawk.

To overcome strong resistance from the Israeli defence industries lobby, a combination of co-production and local work is being suggested in each case. If Israel were to opt for the Harrier, for example, IAI has in service, the offer includes licensed co-production in Israel.

As a further incentive, the Pentagon is also proposing participation in its Advanced Tactical Fighter project for the 1990s.

## Andrew Whitley reports on offers Shamir may find hard to refuse

The five optional packages presented last month to Defence Minister Yitzhak Rabin by Mr Dov Zakheim, the senior Pentagon official charged by Mr Caspar Weinberger, the US Secretary of Defence, with stifling the Lavi in its crib were:

- 300 multi-role Harriers
- 250 Harriers plus another 50 F-15 Eagle interceptors (50 are already in service)
- 300 F-16s
- An additional 300 units of the F-16C, the latest version, on top of the 75 being delivered this year
- 300 Israeli-version F-16s, containing the avionics and part of the Pratt and Whitney 1120 engine designed for the Lavi.

The so-called "fly-away" price tag on each option varies enormously, from \$14.8m for the basic F-16C, to nearly twice that figure for the most sophisticated of the eight versions of the F-15 offered by McDonnell Douglas.

However, as in any large defence procurement contract, the tug-of-war between Tel Aviv and Washington is being waged with often misleading rival cost estimates. While IAI insists that, based on a series production run of 30 aircraft, the Lavi will cost between \$15.5m and \$18.5m, Mr Zakheim's estimate goes as high as \$22m.

An independent report commissioned by the US Congress General Accounting Office pumped safely for an intermediate figure, believed to be around \$18m.

The Defence Ministry, admitting that IAI is "a little biased," is now reworking its own cost estimates. It should have these ready for Mr Rabin within a month. But, with less than 10 per cent separating IAI and the GAO, the Israeli state-owned company is confident its infant will be vindicated on both cost and performance grounds.

But, just as that battle seemed to be over, the focus has shifted to another, even more crucial question, which also has far reaching cost implications.

This is whether the Israeli Air Force really needs, and can absorb, an additional 300 frontline aircraft in the foreseeable future — or whether this is simply a politically expedient number to justify what may turn out to be an economically unjustifiable defence project.

Although it will not admit it publicly, the Air Force high command is known to feel that, on top of the 720 combat aircraft it will have in its inventory by the end of 1987, 75 to 100 Lavis, or Lavi-equivalents, is the most the armed forces can cope with. The total envisaged production run has been scaled down already from 400 to 300 and the annual production rate from 30 to 24.

If production of the Lavi is restricted to only 150 aircraft instead of the 300, the Israeli Defence Ministry claims the average unit price will only rise by 10 per cent. The American counter-charge that the cost will be "significantly higher."

According to one Western diplomat, by 1991 Israel will have spent \$4.5bn on the Lavi and will have only one squadron in service. For the same money it could get 250 modified F-16s.

## EEC to step up battle against US-Japan chip pact

BY WILLIAM DAWKINS IN BRUSSELS

THE EEC is to step up its battle against the US-Japan chip agreement next month.

The European Commission is due at a council meeting of the General Agreement on Tariffs and Trade on March 4 to demand a panel to be set up to investigate whether Gatt rules are being broken by the agreement, which regulates pricing and market access between the world's largest producer and largest exporter of chips.

Several Far Eastern chip importing countries may join the community in its Gatt complaint, driven by fears that they too risk losing control over the price of this key high-technology commodity.

A worried British computer manager said: "What we are talking about is possibly the

most significant technology cartel ever. If it were to work, you would have around 80 per cent of the chip needs of Europe's computer manufacturers being dictated by the US and Japan."

The accord has had its own problems since it was signed last summer, chiefly because of Tokyo's alleged inability to stick to the agreement. Nevertheless, the EEC's concern can only be increased by Japan's attempt to save the pact by ordering its chip producers to make production cuts.

This is intended to raise prices so that it becomes harder to evade the pact by shipping cheap chips to the US via third countries. The production cuts might also help to alleviate oversupply in the industry — a

nest way of killing two birds with one stone," says one commission official.

Tokyo signed the accord to avoid a threatened US anti-dumping action. In return, Japan agreed to raise export prices and open up to 20 per cent of its chip market to foreign-affiliated suppliers.

The EEC's formal opposition started with bilateral negotiations with the two parties under Gatt's Article 22. These have achieved nothing, allowing the commission to start proceedings under Article 23, which allows for an independent panel to be set up, consisting of Gatt signatories agreeable to all sides.

This requirement could pose particular problems in this case, for few countries can fail

to be affected by the chip pact. Once established, however, the panel could deliver an opinion within a few months, according to commission officials. The community could ask Gatt to request that the pact be stopped.

The EEC objects to the fact that Japan agreed to raise prices not just in the US but in all export markets. The aim was to allow US chip exporters to compete against the Japanese in third countries, while restricting the supply of cheap chips for third country computer manufacturers in competition with US chip customers.

The commission argues that this breaks Gatt rules restricting dumping action only to the im-

ported country affected. Moreover, it allows Japanese producers to increase prices of chips not made in the EEC, thereby penalising industrial consumers forced to buy from the Far East.

At the same time, the commission believes, Japan has been able to circumvent the accord by dumping in the community those types of chips which are made by EEC suppliers, thus putting unfair price pressure on European chip manufacturers.

Brussels also argues that Japan is giving preferential treatment to US chip producers rather than treating all foreign suppliers the same.

The impact of the accord on prices in the EEC's \$4.2bn chip market is hard to measure.

Japanese chip prices to the US have certainly risen since the summer, while European customers believe the rise in their markets has been less marked, but still artificial. A British chip buyer says it is paying \$2.30 for Japanese 256kDrams — the industry's benchmark product — while in a free market, the price would be more like \$1.80.

Nobody in Brussels has any doubts about the undesirability in principle of the US-Japan pact. A member of the commission team negotiating on the accord with Gatt says: "In circumstances where we are major importers of semi-conductors from the US and Japan, we think it is unacceptable that they should be fixing prices."

## Cautious reaction in US to Tokyo's plan to cut production

BY LOUISE KEHOE IN SAN FRANCISCO

US trade officials and representatives of the semiconductor industry reacted cautiously to the decision of the Japanese Ministry of International Trade and Industry to direct Japanese chip producers to reduce memory chip production in an attempt to stem violations of the fragile US-Japanese semiconductor trade pact.

US officials said many false hopes had been raised by Japanese promises during the trade dispute.

Miti's action appears to be a big concession to US demands for immediate and full implementation of the semiconductor pact, which calls for an end to Japanese dumping and an opening of the Japanese market to foreign suppliers.

Miti says that by cutting surplus production of memory chips in Japan during the remainder of the first quarter of the year, it aimed to stop

alleged dumping of chips in Asian markets, a problem that is threatening the pact's future.

Miti's plan is to reduce production of 256k dynamic random-access memory chips — basic data storage devices — by 23 per cent in the first three months of this year compared with October-December 1986.

Production of other types of chip is also due to be reduced but less drastically than that of the 256k Dram, which has been

at the centre of the dispute with the US.

US industry officials made clear the move would not deflect them from demands for an immediate end to third-country dumping. Only a rise in Japanese chip prices to "fair" values would satisfy the US industry.

Last week Mr Clayton Yeutter, US trade representative, set a deadline of March 31 for an end to Japanese dump-

ing and threatened to impose sanctions on companies that continued to dump chips.

How the Japanese Government achieved an end to dumping is "their problem," US officials say. While conceding the production cuts seemed to be a step in the right direction, they are not prepared to wait beyond the deadline.

It is Japan's excess of memory chip production capacity that has driven chip prices

below production costs, say analysts at Dataquest, a US market research company that is monitoring memory chip prices.

Dataquest says memory chip prices have risen slightly in Asia in the past two weeks but remain well below the "fair market value" prices determined by the US Commerce Department. Prices in Europe and the US, however, have risen significantly since the signing of the trade agreement.

Below production costs, say analysts at Dataquest, a US market research company that is monitoring memory chip prices.

Dataquest says memory chip prices have risen slightly in Asia in the past two weeks but remain well below the "fair market value" prices determined by the US Commerce Department. Prices in Europe and the US, however, have risen significantly since the signing of the trade agreement.

## Indonesia invites bids for nuclear power plant

By John Murray Brown in Jakarta

INDONESIA IS inviting proposals from five foreign companies for construction of a nuclear power plant on Java, the country's main island and the most densely-populated region.

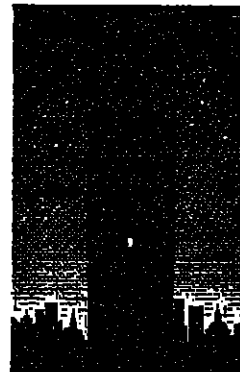
AECI of Canada, Framatome of France, Mitsubishi, Westinghouse of the US and Kraftwerk Union KWU, a wholly-owned subsidiary of Siemens AG of West Germany, are to complete their findings in two months on a 1,000 Mw reactor proposed to be sited at Muria Mountain on the north Java coast.

Batan, Indonesia's nuclear authority, says construction costs are estimated at \$5.5bn (\$3.6bn). The successful consortium is expected to finance the project by recovering costs from the state electricity utility PLN. The government has said it will provide no loan guarantees.

The plant would be operational by the year 2,000, supplying more than 10 per cent of Java's grid, estimated to be 7,000 Mw by then.

The plan, first put to the Cabinet in December, is said to have the backing of Dr B. J. Habibie, Minister of Research and Technology, and Dr Subroto, Energy Minister, both key government figures.

## Why workaholics seldom get to the top.



Is he working his way to the top?  
Or not on top of his work?

This is a true story.

One company we know employed a man who worked very hard every day, long after everybody else had gone home and often at weekends as well.

His job wasn't particularly important or well paid. But everybody marvelled at how long and painstakingly he laboured.

At 9 o'clock one night, a few years before he was due to retire, he went to collect some more paper from the stationery store. On the way, he had a heart attack in the lift.

Nobody was there to tend him. They'd all gone home. So he died.

His bosses felt guilty. Had they been overworking him, they wondered.

So they gave someone else the job to do and watched carefully to see how he fared.

The new man found he could do the entire job in two days a week.

Workaholics, it seems, do not work for success or riches.

They don't work to achieve anything.

For them, work is an end in itself. If anything, they work to create more work.

True, you may say, but what has this to do with InterCity. (We assume you've spotted the logo at the bottom of this page.)

Next time you're on the motorway, look at the business folk in their cars.

What are they accomplishing?

Not a lot.

They are achieving nothing more than covering the miles to Liverpool, London, Birmingham or wherever. And they are turning it into hard work.

Look at their faces. Do they look as though they're enjoying it?

When they get to the other end, they will be tired. So they will have the comforting feeling that they have done a day's work and earned their money, before they even reach their meetings.

Now look at the people covering the same journey on InterCity.

These people are shirking.

They are reading magazines, doing crosswords, playing chess, thinking, eating meals, studying reports, formulating their strategy, snoozing, daydreaming. Heaven help us, some of them are drinking alcohol.

Most of all, they are having a nice time.

Is this any way for go-ahead executives to conduct themselves?

It certainly is.

They arrive at their meetings with fresher, clearer minds. They are probably more alert and certainly less tired. Quite simply, they're in a fitter state to do business.

What's more, they get to their meetings at up to 125 miles an hour instead of 70.

Sometimes the way to the top is to do less work.

 InterCity



## UK NEWS

# Sharp decrease in money supply aids Chancellor

BY JANET BUSH

THE BANK of England made substantial net purchases of debt in January, a further sign of the extremely comfortable position of government finances just a few weeks before the budget.

Figures released yesterday also showed a sharp fall in the year-on-year rate of narrow money Mo growth which further fuelled speculation of a cut in base lending rates, possibly timed to coincide with the budget on March 17. However, the Bank of England moved swiftly yesterday to signal that it was not prepared to see lower rates, at least for the time being.

Yesterday's data showed that the Bank made net purchases of debt from the private sector last month of £1.3bn, effectively injecting cash back into the financial system.

It has become clear over recent weeks that the Government is heading for an undershoot of its Public Sector Borrowing Requirement target this year, perhaps of as much as £2bn to £3bn.

On Tuesday, the Treasury announced another large surplus on Government finances in January, taking cumulative borrowing in the first 10 months of the year down to a meagre £400m.

Earlier, it had been known that the Bank of England had been active purchasing gilt-edged stock during January. This activity, which it is believed lasted for about three weeks, has the effect of cutting the amount of funding already completed by the Bank of England on behalf of the Government.

Gilt market traders estimate that the Bank of England sold about £500m of gilts in January, boosting the total amount of debt purchases to around £1.8bn.

# Warning to City on council debt default

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT does not stand behind local authority debt in case of default, Mr Nicholas Ridley, the Environment Secretary, said last night in a clear warning to City of London institutions.

His words, in a parliamentary written answer, were clearly aimed at banks and other financial institutions which lend to Labour-controlled urban local authorities, notably in London, which used deferred purchase schemes, so-called "creative accounting", in order to circumvent restrictions on annual budgets.

This warning follows the announcement on Wednesday of the shortened local government bill banning such schemes. There has been increasing concern in Whitehall that a small number of Labour-controlled authorities are seriously

# Plessey and GEC agree on exchange

By David Thomas

THE General Electric Company (GEC) and Plessey, Britain's two biggest telecommunications equipment manufacturers, are to sign agreements designed to boost the sales in world markets of System X, the only public digital telephone exchange developed in Britain.

The two companies began discussing System X shortly after GEC's hostile £1.2bn bid for Plessey was blocked by the Monopolies and Mergers Commission in August.

There has been no agreement on merging any part of the two companies' System X interests, which accounted for sales of £450m in 1985-86.

Sir John Clark, Plessey's chairman, said the two companies were close to reaching an understanding which will include "shared research and development costs, shared marketing costs and agreement on intellectual property rights."

Both companies had felt the need to reach a formal agreement on these areas after British Telecom (BT), by far System X's biggest customer, stopped contributing to its development last year.

Taken together, the two companies are expected to spend about £50m on the further development of System X this year.

Plessey says it may spend about £15m on the international marketing of System X in the next financial year.

Under the new agreements, GEC may pay Plessey for past disparities in their contributions to development and marketing costs, though the payment is likely to be relatively small.

However, there is no immediate prospect that a joint venture company will be formed to take on Plessey's and GEC's System X interests, or that the two companies will submit joint bids to BT. Both these options were considered during the discussions.

The agreements, to be signed soon, will yield only limited cost savings.

Plessey said it saw the future of its exchange business in an international context. It was pursuing export orders for System X, particularly in Colombia, China and Bulgaria, and was talking to a number of foreign companies about joint ventures.

GEC refused to comment. GEC is to receive financial aid from the Northern Ireland Industrial Development Board for a £20m investment in its turbine generator plant at Larn, County Antrim, Terry Dwyer writes.

The company said the investment would go into more sophisticated equipment and reorganisation. It said the plan will safeguard the jobs of the present workforce for the foreseeable future, and could lead to a further 100 openings at Larn over the next year.

Fiat and Stet approach. Page 21

Kenneth Gooding reports on the decline of a once great lorry manufacturer

# Daf finds Leyland Trucks in a rut

THERE is no better example of the decline of manufacturing industry in Britain than Leyland Trucks. Thirty years ago the company claimed with good reason to be the world's biggest truck producer. Today it is so insignificant compared with its main European competitors, that it can no longer stand on its own, and a buyer has been sought for the past two years.

That search ended yesterday when, to all intents and purposes, Leyland was handed over to Daf of the Netherlands.

The deal, presented as a merger with Daf having 60 per cent control, can also be seen as part of the necessary rationalisation of truck manufacturing in Western Europe.

Britain has already contributed more than any other country to this essential restructuring - essential because the West Europeans have the capacity to produce 600,000 trucks a year while world demand is only about 400,000.

In the past year, General Motors has given up making medium and heavy trucks at its Bedford subsidiary, apart from a few left over from a military order.

Ford has sold its truck operations to Fiat-controlled company, and all future products will come from the Iveco designers based in Italy and West Germany.

With Leyland now in foreign hands, only one UK-owned truck producer is left: ERF, which has an output of about 2,000 trucks a year and no pretensions towards becoming a big exporter.

The seeds of Leyland's virtual destruction were sown in the late 1960s and early 1970s when some seriously damaging decisions were made by the management.

Following the merger of the old Leyland company with British Motor Corporation (to become BLMC), the management decided to make up for many years of under-investment in the volume cars business by subsidising it for three years with profits from other parts of the group, particularly the highly profitable truck business.

Between 1968 and 1980, Leyland had no totally new trucks to offer the market, where its competitors offered new cabs and engines throughout the period and prepared for the competition they expected in an enlarged Common Market.

The Leyland, and subsequent BLMC managements, also failed to tackle other European territories and take advantage of the Common Market, preferring to rely on markets in the old English-speaking colonial countries.

But perhaps the most important factor in Leyland's downfall was the failure of its engine renewal programme during the 1970s. While competition in Europe was intensifying, Leyland had a major disaster when the 500 engine, intended for medium-to-heavy trucks, which accounted for 15 to 20 per cent of total engine output.

The tendency for the 500 engine to "blow up" on the fast-developing motorway networks caused customers to desert in droves, and Leyland's share of its domestic market shrank from 30 per cent in 1973 to 17 per cent by 1980.

That year, the first of the current truck range came on stream. The range was renewed at a cost of £50m, drawn from the £20m of state money pumped into the Rover Group, then known as British Leyland.

But it was too late. Leyland was in no shape to cope with the recession in the UK heavy truck market, annual demand nearly halved from

80,000 in 1980 to 44,000 two years later.

Then Leyland's export markets closed down as the developing countries world ran out of foreign currency to pay for imports.

Competition from stronger companies such as Daimler-Benz (the Mercedes group) of West Germany and the two Swedish organisations, Scania and Volvo, intensified as they sought to make up in Europe sales they had lost when truck demand in the oil-producing countries slumped.

Two years ago, the UK Government became so worried about the domestic truck industry's apparent lack of competitiveness that it persuaded the three major companies - Leyland, Bedford and Ford - to discuss what could be done.

From those talks emerged the deal for General Motors to buy Leyland and Land Rover which caused the Government so much embarrassment this time last year and which fundered on a wave of British chauvinism.

After that experience, the Government must have welcomed the fact that the Rover board opted for the European solution as represented by Daf, rather than selling Leyland to Paccar, the US producer of Kenworth and Peterbilt trucks which also owns Foden in Britain.

Paccar argued that it was much stronger financially than Daf and that, because Daf produces its own engines and cabs, about 5,000 jobs would be lost to Britain and switched to the continent if the Dutch company took over Leyland.

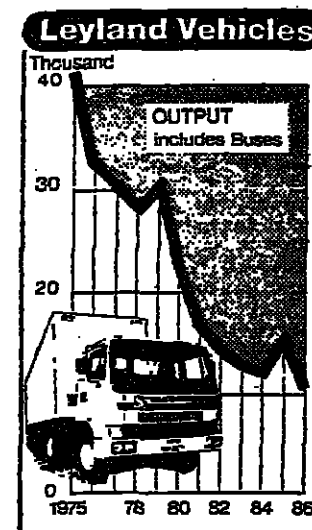
Mr Charles Piggott, Paccar's president, suggested that some of Leyland's major US suppliers with factories in the UK - such as Cummins (engines), Rockwell (axles) and Eaton (gearboxes) - might feel there was not enough business left in Britain to make it worth staying on.

On the other hand, Paccar buys in all major components and would have guaranteed a continued high level of UK content in Leyland trucks.

However, Mr Graham Day, Rover's chairman, said last night that, if the Daf deal had fallen through, the Paccar offer provided no real alternative as it was "totally uncommercial from our point of view."

The relationship between Leyland and Daf goes back many years but was strengthened considerably last year when the Dutch group signed an agreement to distribute Leyland's medium Roadrunner truck and Sherpa vans from the Freight Rover company through Daf's 550 continental dealers.

For this reason it makes sense to include Freight Rover, which



80,000 in 1980 to 44,000 two years later.

Then Leyland's export markets closed down as the developing countries world ran out of foreign currency to pay for imports.

Competition from stronger companies such as Daimler-Benz (the Mercedes group) of West Germany and the two Swedish organisations, Scania and Volvo, intensified as they sought to make up in Europe sales they had lost when truck demand in the oil-producing countries slumped.

Two years ago, the UK Government became so worried about the domestic truck industry's apparent lack of competitiveness that it persuaded the three major companies - Leyland, Bedford and Ford - to discuss what could be done.

From those talks emerged the deal for General Motors to buy Leyland and Land Rover which caused the Government so much embarrassment this time last year and which fundered on a wave of British chauvinism.

After that experience, the Government must have welcomed the fact that the Rover board opted for the European solution as represented by Daf, rather than selling Leyland to Paccar, the US producer of Kenworth and Peterbilt trucks which also owns Foden in Britain.

Paccar argued that it was much stronger financially than Daf and that, because Daf produces its own engines and cabs, about 5,000 jobs would be lost to Britain and switched to the continent if the Dutch company took over Leyland.

Mr Charles Piggott, Paccar's president, suggested that some of Leyland's major US suppliers with factories in the UK - such as Cummins (engines), Rockwell (axles) and Eaton (gearboxes) - might feel there was not enough business left in Britain to make it worth staying on.

On the other hand, Paccar buys in all major components and would have guaranteed a continued high level of UK content in Leyland trucks.

However, Mr Graham Day, Rover's chairman, said last night that, if the Daf deal had fallen through, the Paccar offer provided no real alternative as it was "totally uncommercial from our point of view."

The relationship between Leyland and Daf goes back many years but was strengthened considerably last year when the Dutch group signed an agreement to distribute Leyland's medium Roadrunner truck and Sherpa vans from the Freight Rover company through Daf's 550 continental dealers.

For this reason it makes sense to include Freight Rover, which

makes the Sherpa, in the deal, and there is a promise that new vans will be developed.

As one of Europe's smaller heavy truck producers - with an output of 18,000 vehicles compared with over 200,000 worldwide for Daimler-Benz and over 100,000 for Iveco, the number one and two West European producers - DAF has had to seek such co-operative ventures to secure its future.

It is a private company, indirectly part-owned by the Dutch Government which has backed DAF's current product development programme with a repayable £120m (£83m) loan. The Belgian Government has also guaranteed a BFR 2.8bn (£48m) loan from local banks because of the important DAF cab plant in the country.

The UK Government is bearing a cost of accumulated losses of about £500m and further rationalisation of Leyland, involving the closure of the engine plant at Leyland and the Scammell special heavy trucks division at Watford. The rest of the £750m Government write-off is to cover Leyland Bus's accumulated debt and recent rationalisation.

In theory, the combined Leyland-DAF combination should take UK heavy truck market leadership. Together last year they accounted for 23 per cent against Iveco-Ford's 20 per cent, with Mercedes in third place with 14 per cent.

But there are conflicts at the heavy end of the DAF and Leyland ranges, and if past history is anything to go by, the disturbance caused by the merger - particularly of welding two distinctive dealer networks together - always tends to cause a loss of share, at least in the short term.

# Cummins's Scottish plant 'under review'

BY NICK GARNETT IN COLUMBUS, INDIANA

MR HENRY SCHACHT, chairman and chief executive of Cummins, the US diesel engine manufacturer, said yesterday that the company would now have to review the position of its Scottish plant, near Glasgow, in light of the Daf decision.

Shotts, which employs 800, produces Cummins's 14-litre and 10-litre engines. It sells a quarter of its total output to Leyland.

Mr Schacht said he could not comment in detail on the impact on Shotts until he had discussed with Daf the Dutch company's intentions.

Daf makes its own engines in broadly the same power ranges as the Cummins 10 and 14-litre engines.

The decision to sell Leyland to Daf, however, "did not help," Mr Schacht said. "We build plants to use them, not close them, but we need customers to buy from them."

"We have argued that this was an important decision for the entire UK motor industry. It will cause us to rethink what our floor space re-

quirements are. We will have to think through the implications for us."

Cummins, which has been pushing through a big cost-cutting drive and which announced the closure last year of 19 per cent of its manufacturing floor space, had been thinking of starting up assembly of its relatively new 8.3 litre C series engine at Shotts.

It had also decided to move some component manufacturing from a components plant at Darlington in north-east England - which it is closing - to Shotts.

The Shotts plant is currently making 40 engines a day, split equally between the 10 and 14-litre.

One third of the plant's output goes to the US truck market, including ERF and Seddon Atkinson, but predominantly to Leyland.

Another third of output is sold for industrial applications in Europe and the remaining third is exported outside the EEC for automotive and industrial uses.

# Ford's UK car output rises to challenge Austin Rover's lead

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD and Austin Rover will be neck and neck this year in the race to become the UK's leading car producer.

In 1986 Ford substantially narrowed the gap between the two companies by increasing production by 8 per cent from the 1985 level to 345,267, its best performance since 1978.

Meanwhile, Austin Rover's output fell by 13.3 per cent to 339,968. Ford has forecast that its UK car output will rise to about 400,000 this year as it increases the share of sales in Britain provided by its factories at Halewood on Merseyside in northern England, and Dagenham, Essex in the south.

State-owned Austin Rover expects only a slight improvement on its 1986 car output even though this year has started well for the group.

The steep fall in Austin Rover's car production last year reflected declining sales in its home market, where its registrations slumped from 327,955 to 297,486.

UK car production 1985 1986

|                | 1985    | 1986    |
|----------------|---------|---------|
| Rover Group    | 450,832 | 389,968 |
| Austin Rover   | 14,212  | 14,486  |
| Range Rover    | 465,704 | 404,454 |
| Total Rover    | 480,016 | 418,944 |
| Ford           | 317,659 | 345,267 |
| GM-Vauxhall    | 152,557 | 161,857 |
| Peugeot-Talbot | 67,066  | 58,426  |
| Jaguar/Daimler | 38,378  | 40,880  |
| Rolls-Royce    | 2,588   | 2,531   |
| Carbodies      | 1,813   | 2,231   |
| Lotus          | 813     | 704     |
| TVR            | 472     | 521     |
| Reliant        | 738     | 289     |
| Panther        | 121     | 237     |
| Others         | 604     | 585     |

Source: SMMT Monthly Statistical Review.

Ford, however, boosted UK new car registrations from 485,620 to 515,367.

Although General Motors, through the Vauxhall group, increased car output by 6 per cent to 161,857, its production was also held

back by falling UK demand. GM's sales fell from 303,473 to 285,517 last year.

However, the company hopes to increase output of cars and light vans from 230,000 last year to 300,000 in the short term.

The French-owned Peugeot-Talbot company had a full year of building the Peugeot 309 medium-sized saloon at Ryton, Coventry, where it replaced the old Horizon, Alpine and Solara models.

But Peugeot-Talbot's contract to supply car kits to Iran from its Midlands plants ran into trouble again last year, leaving the company's total output down by 13 per cent to 58,426.

The statistics, to be published shortly in the Society of Motor Manufacturers and Traders Monthly Statistical Review, confirm that total UK car output remained marginally above 1m last year, at 1,019m compared with 1,045m in 1985.

# Changes in rural policy defended

By Paul Cheeswright

A HUGE shift is taking place in the management of the British countryside, Mr William Waldegrave, the Environment Minister, told the Council for the Protection of Rural England (CPRE) yesterday. The Government would continue to develop new countryside policies, he said.

But he failed to convince the CPRE that the Government was managing change in the right way. After a special general meeting, the CPRE again demanded that the Government withdraw its recent draft planning circular on rural land use.

This circular stated that farmland did not necessarily have to be reserved for farming and that, when local authorities considered development applications, they should take into account not only the agricultural implications, but also environmental and economic aspects.

The stand immediately raised fears that the countryside would soon be covered with concrete and confiners. The CPRE feared damaging erosion of the countryside by developers.

Mr Waldegrave, taking advantage of a longstanding invitation from the CPRE, sought to put these fears at rest by raising the argument from immediate planning implications to the broader consideration that the UK had no choice but to change rural planning policy.

"The policy of food production first," conducted with near national unanimity since the Second World War, "had to stop." In the end, he said, "there was no market for the surpluses we created."

By insisting on the agricultural imperative, as he put it, local councils had been forced to site development of urban density in villages where it is out of character.

# Maxwell in joint venture to buy Canadian newsprint group

BY ROBERT GIBBENS IN MONTREAL AND RAYMOND SNODDY IN LONDON

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday bought into the Canadian newsprint business in a joint venture deal worth C\$320m (£150m).

Mr Maxwell, in partnership with Mr Pierre Peladeau, the Montreal publisher, bought a 56 per cent stake in Donohue from a Quebec provincial government holding company.

Mr Maxwell said he was not going to give up his present newspaper suppliers.

"They needn't have a heart attack, but I'll know the price is right in future," said Mr Maxwell, whose businesses use 400,000 tons of newsprint a year.

The publisher added that the acquisition would give his UK and US printing and publishing businesses a competitive edge by assuring him

supplies of newsprint in times of shortage.

A new company owned 51 per cent by Quebecor, Mr Peladeau's publishing and printing group, and 49 per cent by Mr Maxwell's British Printing and Communications, will control Donohue and has undertaken to expand at least one of its mills.

The sale of control in Donohue is the largest privatisation move by Mr Robert Bourassa's Quebec Government since it was elected 14 months ago. About C\$320m will go to the Quebec Treasury and C\$100m will be invested in general industrial development. The winning bid was the highest of three.

Donohue had profits of C\$24.5m, or C\$1.58 a share, in 1986 on revenues of C\$475m. Profit in 1987 and 1988 is expected to rise significantly, because of higher pulp and

newsprint prices.

The company will soon have capacity to turn out around 600,000 tonnes of newsprint and will be able to add another machine by the end of 1988, bringing capacity to nearly 800,000 tonnes.

Donohue is also a large market pulp producer and a sizable timber producer.

Three of its existing newsprint machines are partly owned by the New York Times Company and the Gannett Company of the US.

Mr Peladeau owns Canada's largest French language daily newspaper, plus a chain of weeklies and monthlies, and several printing businesses in the US. His total newsprint needs are about 140,000 tonnes a year.

In the year ended September 30, Quebecor earned C\$18.1m, or C\$1.04 a share, on sales of C\$446m.

Mr Maxwell said he was making his arrangements with the private-sector Luxembourg satellite company SES, which plans to launch a 16-channel television satellite next year.

Mr Gannar Rogheimer, chairman of Home Video Channel, however, said he believed there was no international or pan-European television audience and that Europe contained more than 20 distinct national television audiences.

The English language, he said, would never become the lingua franca of television entertainment in Europe, and it was dangerous to put too much faith in the development of a pan-European advertising market.

Earlier, Mr John Jackson, chairman of Direct Broadcasting, warned that advertising alone could not find a proliferation of new channels. There would have to be various forms of subscription and payment for viewing systems.

Mr Jackson suggested that consumers should have an addressable

# European broadcasters urged to unite

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday pronounced "the death" of the long and distinguished era in broadcasting. Mr Maxwell told the Financial Times Cable and Satellite Conference in London that arrogant intellectuals could no longer tell people what they ought to hear and see over the airwaves.

After handing out preview copies of his new newspaper, the London Daily News, to all the delegates, Mr Maxwell said: "I believe the time has more than arrived when we must organise ourselves in Europe on a continental scale to enable viewers and listeners to choose for themselves what it is they want to see and hear."

It was time to create the European equivalent of an NBC or a CBS network, and if the politicians of Europe refused to make the arrangements, the new media industries should make them for themselves.

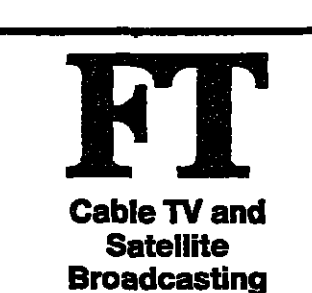
Mr Maxwell said he was making his arrangements with the private-sector Luxembourg satellite company SES, which plans to launch a 16-channel television satellite next year.

Mr Gannar Rogheimer, chairman of Home Video Channel, however, said he believed there was no international or pan-European television audience and that Europe contained more than 20 distinct national television audiences.

The English language, he said, would never become the lingua franca of television entertainment in Europe, and it was dangerous to put too much faith in the development of a pan-European advertising market.

Earlier, Mr John Jackson, chairman of Direct Broadcasting, warned that advertising alone could not find a proliferation of new channels. There would have to be various forms of subscription and payment for viewing systems.

Mr Jackson suggested that consumers should have an addressable



box with a secret computer number. That number would be recognised by a computer which would authorise (or not) the transmission of a signal to homes which had paid. There was an urgent need for a standard system, Mr Jackson said.

Mr Ivor Cohen, managing director of Mullard, the Philips microchip subsidiary, said that, if DBS (direct broadcasting by satellite) was to be a success, the franchise holder, BSB, must work with all potential participants.

DBS represented a considerable opportunity for UK industry, but all elements of the UK manufacturing and distribution industry had to be brought together to provide the impetus to create a demand for its products.

"We have much to do to ensure that the pace of development of satellite TV is even faster than that achieved in previous generations of television equipment." That would take considerable co-operation.

Mr Rolf Andin, managing director of Eurosatellite, the consortium which is building the French and West German DBS satellites, said the German satellite, TV-Sat, due to be launched this summer, could be received everywhere in West Germany, including Berlin, with reception dishes of 35 to 40 cms.

There was a potential audience of 90m in Europe for German speakers. Germany also offered the highest growth potential for television advertising in Europe.

Mr Marcus Bicknell, commercial



Mr Robert Maxwell said an era in broadcasting is dead

director of Societe Europeenne des Satellites, the Luxembourg company which plans to launch the 16-channel television satellite Astra, said only a multi-channel satellite could penetrate foreign markets.

Astra planned three channels, in English, French and German, and five or six thematic channels, carrying, for example, sport or films, which could be dubbed.



**Stable a.** Firmly fixed or established; not easily to be moved or changed or unbalanced or destroyed or altered in value; firm, resolute, not wavering or fickle.

With acknowledgements to the Concise Oxford and Webster's dictionaries.



**MERCEDES-BENZ**

**MERCEDES-BENZ  
TRUCKS AND VANS**

Mercedes-Benz (United Kingdom) Limited



## UK NEWS

# Philips expands Scots plant for PABX launch

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

PHILIPS, the Netherlands-based electronics group, is investing £3m in the expansion of its Bishopton plant in Glasgow to prepare for the launch of its large digital private telephone exchange (PABX) in the UK market.

The exchange, the Sopho-S 2500, has just been approved by Ofel, the regulatory agency for the UK telecommunications industry. Philips says it already has a substantial order book for the 2500 model, and the company has been recruiting engineers and salesmen, as well as some production line workers, to cope with the build-up.

About 50 per cent of the new exchange will be manufactured at the Bishopton plant, where Philips also makes telephone sets and other equipment for the UK.

Philips' decision to launch the 2500 model comes at a time of some confusion in the UK market for large PABXs - exchanges which provide more than 100 lines to the customer.

Last year, the UK industry achieved shipments of around 400,000 lines, down from a peak of about 500,000 lines in 1985, when total sales were valued at approxi-

mately £150m. Forecasts vary widely for the next three years.

The sales boom in the early 1980s was largely caused by the change over to digital exchanges, which offered better quality and improved efficiency. Many analysts believe that the next big expansion in sales will only come with the provision of ISDN switching, a technique which will allow the same telephone line to transmit voice messages, data and video.

Philips has set itself an ambitious target of about 20 per cent of the UK market by 1989. The company starts from a low base, because the lack of a competitive product virtually forces it to withdraw from the large PABX sector three years ago.

In this period, the market has become steadily more competitive, with Plessey and GEC of the UK under pressure from Mitel, the Canadian-based subsidiary of British Telecom.

The flagship of Philips' new product line is the 2500, which provides 2,500 lines in its basic form but which can be linked up in a number of duplicate exchanges to reach a total capacity of 20,000 lines.

# Guinness unifies structure of management in spirits business

BY LISA WOOD

GUINNESS, the drinks company, yesterday announced the management structure of its spirits businesses, which have been pulled together into a unified structure.

Announced the day after the appointment of Mr Anthony Tennant, the new chief executive, the re-organisation is the result of a major review lasting several months.

The businesses pulled together include Arthur Bell & Son, acquired by Guinness in 1985, now called Bell's Brands, and Distillers, acquired last spring and the subject of the current Department of Trade and Industry investigation into Guinness's sharedealing at the time of the acquisition.

Among the new appointments is that of Mr David Connell, a former

member of the board of the Distillers Company (DCL) before its acquisition by Guinness, and one of only three former DCL directors to take up senior executive positions with Guinness.

Mr John Connell, his brother and chairman of the DCL, retired quietly at the end of the year. Mr Bill Spengler, who joined the DCL when it was fighting off the Argyll bid, is now a consultant to the group.

Mr Victor Steel, managing director of Guinness Beverage Group, said: "Our objective is to establish a fully co-ordinated business structure with clear worldwide marketing strategies."

In addition, two corporate services appointments, Mr David Purves and Mr Mike Pemberton,

were announced.

The key new executives of the Beverage Group now are: Mr James Espey, deputy managing director with responsibility for international brand marketing, new product development and marketing; Mr Bob Taylor, responsible for duty free sales; Mr Rob Hermans, managing director of Bell's Brands group, responsible for all UK sales; Mr David Connell, responsible for developing sales and profits at brand companies which have been reorganised into five and Mr Willie Pieterse, president of the US activities.

Mr Phil Rhodes, formerly group controller of Guinness, takes responsibility for finances and Mr Ronnie Martin is responsible for all production in Scotland.

# Britain lags competitors in industrial training stakes

BRITISH industry's attitude to training remains as vacant as the jobs it holds open for qualified staff.

Both training and the suitably trained are, and will continue to be, in chronically short supply.

Skill shortages are hampering Britain's ability to compete. The problem is crucial for the high-technology industries. In engineering, warnings of the shortfall have fallen on deaf ears, the Engineering Industry Training Board (EITB) said last week.

Not only has nothing been done to avert the shortages, if anything, the level of training has fallen, the board told the House of Commons select committee on employment.

This is despite the forecast three years ago by the Manpower Services Commission (MSC) that - even if the degree of training remained at 1984 levels - there would be a shortage throughout industry of between 7,000 and 10,000 technologists and 30,000 technicians by 1988.

It is also quite apart from the need to update workers' skills to keep pace with technological change.

The crunch point has come with the explosion in information technology. There is a huge demand for trained engineers in virtually every sector.

At the same time, the engineering industry has been in a period of retrenchment, with training as one of the first casualties.

There are exceptions, but many companies with a commitment to training are seeing staff, with skills gained at the employer's expense, tempted away by lucrative offers from others wanting technological expertise.

It is thus not surprising to see the computer services company Electronic Data Systems (EDS) turn to the High Court in London for redress, as it did earlier this month. In the first case of its kind, EDS, a subsidiary of General Motors of the US, sought to recover from a former employee part of the cost of his training which, once completed, he took to another company offering a higher salary.

The young graduate, who had completed a systems development course, was ordered to repay £4,500 to EDS, the amount he had agreed to refund should he leave the company within two years of completing the course.

Industry's appetite for people at the professional engineering level, particularly disciplines such as

Fiona Thompson examines attempts to rectify the continuing shortage of skilled workers in the UK.

software and electronic engineering, is insatiable, said Mr Pennant Jones, secretary of the EITB - one of the few training bodies to have escaped abolition in 1982 when two thirds of these statutory bodies were wound up, with the Government arguing that industrialists were more likely to respond to training needs on a voluntary basis. "More and more people are trying to fish talent from a smaller pond," he said.

Almost a fifth of companies responding to a National Computing Centre survey said that poaching trained workers was severely affecting them or even threatening their survival.

Mr Philip Virgo, a Conservative Party policymaker, recommended last month that employees should be obliged to repay some or all of the costs of their training - and their pay during training - if they leave the company prematurely.

Mr Virgo, vice-president of the Conservative Computer Forum, said this would be the best way of convincing the two thirds of employers which did no training but instead relied on poaching.

Industry has been ambivalent about poaching. A few years ago, major companies in the electronics industry tried, and failed, to agree on a moratorium to prevent poaching.

General Electric Company (GEC), one of the main providers of high technology training - it recruits 1,500 science and engineering graduates each year - regards poaching as a fact of life.

"In numbers, we in the high-tech business employ engineers like the health service employs nurses. If you only employ two, you can afford to pay them a fortune. We can't," the company said.

A graduate aged under 25 entering industry this year as a software engineer, for example, might expect to earn some £11,000. But it is not unusual for a City of London company wanting just one such employee to head-hunt an engineer with an offer of £18,000.

It has long been suggested that poaching companies should pay a "transfer fee" to the company which gained little support in the industry.

GEC believes only a national solution can increase the number of skilled workers. The flow of young people qualified in maths and physics should be increased, and more State money made available to enable companies to carry out training.

The EITB is categorical. Its present system of exempting companies from payment of the statutory levy, which funds the board's training system, if they fulfil agreed training requirements is not working. An "effective statutory stimulus" to reverse the slump in training is needed.

Next month the board will propose to the Government its pre-

ferred option for improving the levy system. At the moment, a startling 82 per cent of engineering companies are exempt, reducing the board's levy income from a potential £160m to about £3m this year.

Alternatives under consideration include more rigorous criteria for exemption, dropping the exemption system and taking the levy from all companies, or replacing the existing levy with one which would fund the board's specialist initiatives but leave companies to meet their own training needs.

The problem has not, however, taken anyone unawares. Although state expenditure on training in the UK compares favourably with that of its main competitors, the performance of companies has been criticised for years.

A Challenge to Complacency, a Coopers & Lybrand report commissioned a year ago by the MSC and the National Economic Development Office (NEDO), concluded: "The vast majority of companies, despite initial claims to the contrary, were not very interested in training and had an attitude which bordered on complacency."

Expenditure on training was not seen as an investment expected to lead to higher profits, "but rather more as an overhead which could, like building maintenance, be reduced when times are hard."

This tendency contrasts with the philosophy of some of the UK's competitors, in particular West Germany and Japan. A 1984 MSC/NEDO report, Competence and Competition, noted an acceptance of "training for stock" in West Germany and a conviction that "in times of unemployment, it is preferable to have unemployed skilled workers rather than unemployed unskilled workers."

Similarly, in Japan, the volume of training had increased in recession, with State spending being maintained and the outlay by the private sector actually rising.

In the US, the report noted, companies wanting to compete and stay ahead accepted the importance of investing heavily in training. Some of the country's best-known high-technology companies - IBM, Xerox, Boeing and McDonnell Douglas - reportedly spend between 2.5 to 3.5 per cent of sales revenue on training.

Comparisons between countries are hampered by the lack of totally reliable figures. However, the most recent available figures in the UK suggest that companies spend 0.15 per cent of turnover on training, according to Mr Bryan Nicholson, chairman of the MSC.

Mr Nicholson is optimistic that the skills shortage can be ended. However, much of his optimism appears to relate to state programmes - such as the technical and vocational initiative aimed at providing a "critical mass" of 14 to 18-year-olds with qualifications that employers want - rather than a radical change in industry's attitude.

"We can claim genuine successes," he said. "Continual pressure on the non-statutory industry training associations has brought results. But it is still patchy."

The EITB is blunter: "I have no doubt that the better companies are spending as much or more on training than their counterparts in other countries," said Mr Jones.

# Rise in European air fares approved

By Michael Donnan

THE UK Civil Aviation Authority has approved a British Airways application for increases of up to 6 per cent in many of the cheaper fares between Heathrow and Gatwick and major European destinations. Normal business class return rates remain unchanged.

These rises have nothing to do with the UK's current campaign to get the costs of European air fares down, which is continuing, but are directly the result of rising operating costs over the past year.

Comparable fares rises, which have been agreed through the fares co-ordinating conference of the International Air Transport Association, will be applied by the appropriate foreign airlines, such as Air France and Sabena.

The result will be that from April 1, when the summer season starts, the "Superpex" off-peak advanced-purchase return excursion rate between London and Paris will rise from £78 to £82, with the peak rate rising from £82 to £86. The normal advanced purchase excursion return or "Pex" rate will rise from £117 to £123.

On the London-Brussels route, the Superpex excursion return rate will rise from £73 to £77.

# Welsh Development Agency receives qualified support

BY ANTHONY MORETON

THE WELSH Development Agency has had a "significant beneficial impact on the redevelopment of the Welsh economy" and there was a "real need" for it to "continue to perform its existing range of functions," according to a government review.

Despite this clean bill of health, the review makes a series of detailed and often critical recommendations, described as "mostly procedural" by Mr Nicholas Edwards, Welsh Secretary. He wants them implemented "by the middle of the year."

These call for sharper financial forecasting, more rigorous corporate planning processes, more private-sector involvement in investments and all investments over £100,000 to be syndicated.

Mr John Williams, chairman of the WDA, welcomed the review. The proposals, which were accepted by the agency at a board meeting in Cardiff on Monday, would "make our work that much more efficient," he said.

The WDA was set up in 1976 to encourage new industrial development and combat the legacy of decline in traditional industries such as coal and steel. Since the Conservatives came to office in 1979, it has had to follow a less interventionist, more private-sector approach to issues.

The review was undertaken by

the Treasury and the Welsh Office, together with Coopers and Lybrand, and is one of a number instituted in 1984 by Mrs Margaret Thatcher, the Prime Minister, into the work of agencies responsible to the Government.

A similar review into the Scottish Development Agency was published last October. That made far fewer detailed criticisms of its operations.

The WDA survey found that, while there was a "real need" for its continued existence, it had "not been possible to judge in objective terms the net benefit obtained" from its activities and urged the agency to take more steps to measure this benefit before committing itself to intervention.

The review also found that the WDA had a "high failure rate" in its investments" although it admitted that "this may not be entirely out of line with the kind of risk expected by some private venture capitalists." Mr Edwards accepted that, as the WDA operated in an area where private capital would frequently not be involved, the agency had to have different investment criteria.

Nevertheless, he has called for annual corporate plans, a "audit profile" of monthly spending, more meetings between himself and the board, monthly financial reports and greater involvement of private capital.

# Drug industry achieves record export surplus as pound falls

BY TONY JACKSON

THE UK drug industry maintained its record last year as a strong contributor to the UK balance of payments with a record export surplus of £853m, up from £836m.

Total exports were up 7 per cent at £1.53bn, with imports 15 per cent up at £679m. The biggest export market continued to be the US, the world's biggest consumer of drugs, although export growth was held back by the weakness of the dollar against sterling.

The second-largest market, as in 1985, was the Netherlands. Accord-

ing to the Association of British Pharmaceutical Industries, which represents the UK industry, the Netherlands has a small domestic manufacturing base and also has a large trade in importing drugs for re-export.

Fastest growth in exports, however, came from countries whose currencies strengthened against sterling over the year. Japan and West Germany, the world's second and third-biggest drug markets, were helped by the strength of the yen and D-Mark to import 38 per

cent and 22 per cent more British drugs, respectively.

# Great Britain. Not-so-great Britain.

(An outsider's view)

The Economist asked American journalist, Richard Critchfield, to spend six weeks in this country.

The result of his stay? An 18-page survey - "An American's view of Britain." You'll find it refreshing, intriguing, thought provoking, and tucked between the centre pages of today's Economist.

The Economist

NOTICE TO HOLDERS OF THE 7% US\$ CONVERTIBLE DEBENTURES 1980/87 AND 7% US\$ CONVERTIBLE DEBENTURES 1984/89 OF GOTTHARD BANK INTERNATIONAL LTD., NASSAU (BAHAMAS)

Gotthard Bank International Ltd.

The Board of Directors of Banca del Gottardo will propose to the Ordinary General Meeting of Shareholders to be convened on February 26, 1987, subject to the necessary approvals, that the present share capital of Sfr. 96 million be raised to Sfr. 104 million being 80,000 new bearer shares with a par value of Sfr. 100.- each and moreover that the present bearer participation certificate capital of Sfr. 27 million be raised to Sfr. 29.25 million being 22,500 new bearer participation certificates with a par value of Sfr. 100.- each.

It is proposed to offer for subscription the new shares to the present shareholders at the ratio of one new bearer share to 12 old bearer shares at the price of Sfr. 300.- per share and of one new bearer participation certificate to 12 old bearer participation certificates at the price of Sfr. 300.- per certificate.

All new shares and new bearer participation certificates shall be entitled to dividends as of January 1, 1987.

Provided the increases are carried out as proposed, the Conversion Amount of both the 7% US\$ Convertible Debentures of Gotthard Bank International Ltd. will be increased with effect as of March 3, 1987 in conformity with the terms and conditions of the Debentures.

The new Conversion Amount for the Convertible Debentures 1980/87 will be 17,282 bearer participation certificates for each Debenture and for the Convertible Debentures 1984/89 the new Conversion Amount will be 25,342 bearer participation certificates for each Debenture.

The holders of the 7% US\$ Convertible Debentures 1980/87 and of the 7% US\$ Convertible Debentures 1984/89 of Gotthard Bank International Ltd. wishing to exercise their subscription rights are invited to exchange their Debentures for bearer participation certificates of Banca del Gottardo not later than Tuesday, February 24, 1987.

No Convertible Debentures will be exchanged for bearer participation certificates during the period from Wednesday, February 25, 1987 till Monday, March 2, 1987.

Convertible Debentures not surrendered for the exchange by Wednesday, February 25, 1987 do not entitle the holder to subscribe new bearer participation certificates.

Nassau, February 11, 1987

# FINANCIAL TIMES

The following Financial Times surveys are due to be published next week:

Monday, 23rd February  
Telford & Shropshire

Tuesday, 24th February  
Nonwovens

Friday, 27th February  
City of London Property

The date of the Financial Times surveys may be changed at short notice.

# Company Notices

Elders (U.K.) plc

£40,000,000

8% Subordinated Convertible Bonds due 1998

and

US\$175,000,000

5 1/4% Subordinated Convertible Bonds due 1998

Unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds issued by, and with conversion rights into Ordinary Shares of

Elders Ltd Limited

Notice is hereby given that following a one-for-three bonus issue of Ordinary Shares by Elders Ltd Limited on 14th November, 1986 the conversion price of each of the conversion bonds is to be adjusted to Australian \$4.50 per Ordinary Share with effect from 14th November, 1986.

February 20, 1987

SVENSKA HANDELSBANKEN International Growth Fund 146 Boulevard de la Pétresse Luxembourg

re Luxembourg nr 22175

Messrs. shareholders are hereby convened to attend the ORDINARY GENERAL MEETING of Svenska Handelsbanken International Growth Fund S.A. which is going to be held on 6th March, 1987 at 14.45 hours at the head office with the following

Agenda

1. Reports of the board of directors and of the auditors.
2. Report of the independent auditor about the financial situation of this corporation.
3. Approval of the balance sheet, the profit and loss statements and allocation of the results as at December 31st, 1986.
4. Discharge to the directors and to the statutory auditor.
5. Statutory elections.
6. Miscellaneous.

The Board of Directors.

CITY OF MONTREAL

3% PERMANENT DEBTURE STOCK NOTICE IS HEREBY GIVEN that the Transfer Request to be made on 13th April to 30th April 1987, both dates inclusive, will be accepted by THE ROYAL BANK OF SCOTLAND plc

Receivables Department 18 Old Broad Street London EC2N 1DL

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Soccer, tennis, chess and ten musicals, pianos, baroque, antique 5557.

PREMIER GROUP HOLDINGS LIMITED

US\$50,000,000

NOTICE IS HEREBY GIVEN that the second interest for the second coupon of the Bonds is to be paid on 15th March 1987 at 7% p.a. and that the interest payable in respect of US\$10,000 nominal of the Bonds will be US\$173.06. The total amount due for Coupon No. 6 due 15th March 1987, will be US\$339.17.

February 20, 1987 CITIBANK, N.A.

London (CSB Dept.) Agent Bank

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Request to be made on 15th April to 30th April 1987, both dates inclusive, will be accepted by THE ROYAL BANK OF SCOTLAND plc

Receivables Department 18 Old Broad Street London EC2N 1DL

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Soccer, tennis, chess and ten musicals, pianos, baroque, antique 5557.

PREMIER GROUP HOLDINGS LIMITED

US\$50,000,000

NOTICE IS HEREBY GIVEN that the second interest for the second coupon of the Bonds is to be paid on 15th March 1987 at 7% p.a. and that the interest payable in respect of US\$10,000 nominal of the Bonds will be US\$173.06. The total amount due for Coupon No. 6 due 15th March 1987, will be US\$339.17.

February 20, 1987 CITIBANK, N.A.

London (CSB Dept.) Agent Bank

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Request to be made on 15th April to 30th April 1987, both dates inclusive, will be accepted by THE ROYAL BANK OF SCOTLAND plc

Receivables Department 18 Old Broad Street London EC2N 1DL

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Soccer, tennis, chess and ten musicals, pianos, baroque, antique 5557.

PREMIER GROUP HOLDINGS LIMITED

US\$50,000,000

NOTICE IS HEREBY GIVEN that the second interest for the second coupon of the Bonds is to be paid on 15th March 1987 at 7% p.a. and that the interest payable in respect of US\$10,000 nominal of the Bonds will be US\$173.06. The total amount due for Coupon No. 6 due 15th March 1987, will be US\$339.17.

February 20, 1987 CITIBANK, N.A.

London (CSB Dept.) Agent Bank

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Request to be made on 15th April to 30th April 1987, both dates inclusive, will be accepted by THE ROYAL BANK OF SCOTLAND plc

Receivables Department 18 Old Broad Street London EC2N 1DL

SVENSKA HANDELSBANKEN BOND FUND S.A.

146 Boulevard de la Pétresse Luxembourg

re Luxembourg nr 21394

Messrs. shareholders are hereby convened to attend the

ORDINARY GENERAL MEETING

of Svenska Handelsbanken Bond Fund S.A. which is going to be held on 6th March, 1987 at 14.30 hours at the head office with the following

Agenda

1. Reports of the board of directors and of the auditor.
2. Report of the independent auditor about the financial situation of this corporation.
3. Approval of the balance sheet, the profit and loss statements and allocation of the results as at December 31st, 1986.
4. Discharge to the directors and to the statutory auditor.
5. Statutory elections.
6. Miscellaneous.

The Board of Directors.

SVENSKA HANDELSBANKEN

International Growth Fund 146 Boulevard de la Pétresse Luxembourg

re Luxembourg nr 22175

Messrs. shareholders are hereby convened to attend the ORDINARY GENERAL MEETING of Svenska Handelsbanken International Growth Fund S.A. which is going to be held on 6th March, 1987 at 14.45 hours at the head office with the following

Agenda



## MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

"FOUR LEGS good, two legs bad," chanted the sheep on George Orwell's *Animal Farm*. In somewhat similar vein, a popular cry around Britain over the past two months has been: "Pilkington good, BTR bad."

It is perhaps inevitable that, in the heat of a takeover battle, a company's complex personality and performance record should be reduced to slogans. But now that BTR's ill-judged bid has failed, and emotions have cooled somewhat, a question remains: just how good is the track record of Pilkington Brothers, the world's biggest manufacturer of flat and safety glass, and where does it go from here?

The immediate answer to the first question was provided by Pilkington itself during the bid when it forecast a doubling of its profits to £250m in the year to March. It was the scale of the recovery—which the company had not clearly signposted to a surprised City—rather than the accompanying political hub and cry, which forced BTR to abandon its assault.

Pilkington has had a decidedly uneven profits history over the past decade—partly caused by problems of its own making, partly by external factors—but it is just starting to reap the benefits of a radical restructuring over the past few years which has transformed the company's prospects.

The answer to the second question is that the group is moving with much greater force into two markets which offer strong growth opportunities, but also hold some potential pitfalls: the US flat and safety glass market, and high technology applications of glass in ophthalmics and electro-optics.

All this presents a stark contrast to the grave difficulties the company went through in the first half of the 1980s and which would have made it easy prey if it had been launched a year or two back.

This crisis needs to be placed in the context of the company's history and that of the glass industry. Pilkington is one of Britain's oldest manufacturing companies. It was founded by the two brothers who gave the business its name in St Helens, north west England, in 1826 at the very dawn of the industrial revolution.

One of a multitude of window glass manufacturers, it emerged over the next century and a quarter as the UK's predominant producer of flat glass, thanks to the Pilkington family's unusual ability to sustain entrepreneurial flair and technological innovation down through four generations. Not for the Pilkingtons a life of bucolic ease in the bosom of the landed gentry.

Yet the company's most

dramatic technical breakthrough had yet to come. In the 1950s Alastair Pilkington, an engineer with the company but, remarkably, no relation to the St Helens family—invented the float process which was to revolutionise glass production worldwide. Pilkington, still a private company and, in international terms, some way down the first division of glass makers, did not have the financial muscle to exploit the invention on its own, so it did so via a series of licensing agreements which over the past two decades have produced a large fee income.

But in 1979 this comfortable world fell apart. First, there was the second oil shock. The soaring value of the pound, coupled with inflation, pushed up Pilkington's prices by about 30 per cent relative to its continental rivals. And the impact of this was exacerbated by a major shake-up in the ownership of the European glass industry, and an ensuing price war: BSN-Gervais Danone of France decided to sell its flat glass operations—one of the biggest on the Continent.

Pilkington's attempt to buy the lot was blocked by the West German cartel office. It ended up with the West German business, Flachglas, while TPC of the US acquired the French operations and Asahi of Japan the Belgian ones.

The effect on Pilkington—as on its rivals—was dire. Profits plunged and so did its share of the UK flat and safety glass market—from a comfortable monopoly of more than 80 per cent to bottom out at around 50 per cent.

And all this coincided with a change of leadership at the top of the business. Alastair Pilkington, who had gone on to a knighthood and leadership of the company, handed over the chairmanship in 1980 to Antony Pilkington, a direct descendant of the founding family and a man who, despite a deceptively patrician air, had been blessed with a fair share of the lineage's entrepreneurial genes.

He began a major restructuring of the business to cope with the crisis. A radical shake-up in working practices, starting with a pilot project at the new St Helens Greengate float glass plant was set in train. There was now to be one negotiating committee per plant, one pay scale, one canteen, the same hours and no overtime. All trades were reduced to two—electrical and mechanical workers. At the same time, the company started to farm out peripheral jobs which it would have formerly done in house.

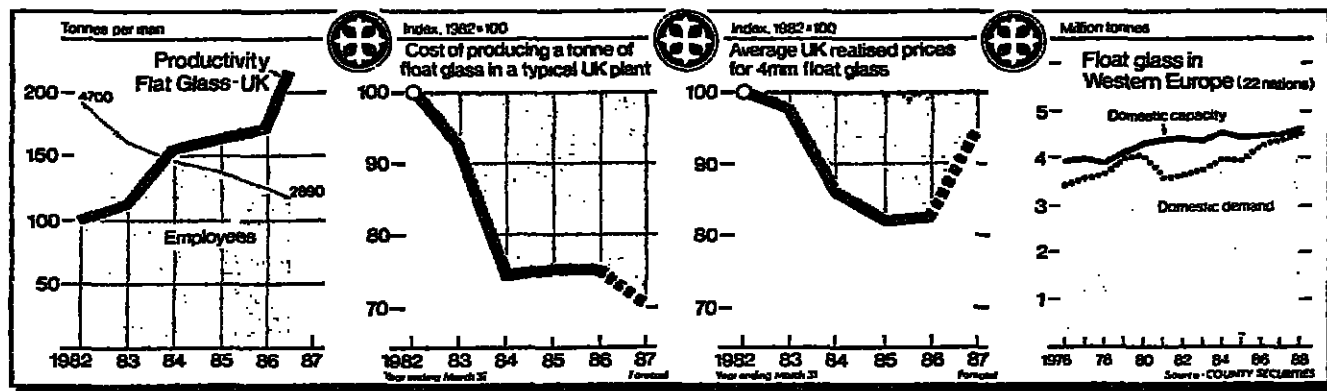
The result is a more flexible, more highly paid and more highly trained workforce—but one which has been slashed by about half in the UK, from

Pilkington after the bid

## Reaping the rewards of five years' hard labour

BY MARTIN DICKSON

Antony Pilkington: entrepreneurial genes



around 15,000 to 7,000 overall, and from 4,700 to 2,800 in the flat glass division.

Labour productivity has risen sharply, while technology improvements have also helped cut production costs.

Yet this was achieved without any strikes, thanks to Pilkington's delicate handling of industrial relations and its work in setting up the St Helens Trust, a pioneer job creation scheme, to ease the pain it was inflicting on its headquarters town.

Lessons had doubtless been learnt from the company's bitter seven-week pay strike in 1970—the first for 100 years.

Responsibility was decentralised. Although Pilkington was floated on the stock market in 1970—the family was finding it harder and harder to finance the purchase of deceased relatives' shares—the attitudes of a family business died hard.

The board was too large and power too centralised to respond quickly to changing customer demands, pricing and products. The new chairman therefore reduced the number of directors from 18 to 11 and took away from them direct responsibility for operating divisions. This was devolved to divisional chief executives (most of them home-grown Pilkington managers with good reputations in their sectors), who were given clear responsibility for budgets, manufacturing, marketing and industrial relations.

Across the group, there was a much stronger emphasis on marketing. Research and development, for example, is now more market-driven, with much of its £50m a year budget going on development projects selected by the operating divisions.

Critics in the glass trade say that in the 1970s Pilkington had a rather arrogant attitude to its customers. "The impres-

sion they gave was that you were privileged to be dealing with them," says one merchant. Yet the trade acknowledges that over the past three to four years the company has become much more commercial in its approach.

It is only in the past 12 months that all these efforts have started to show through in the profits figures. The burden of the company's heavy redundancy programme has started to lighten, while European supply and demand have moved closer to equilibrium and manufacturers have finally called a truce in the price war, sending prices soaring.

During 1986 Pilkington put up its UK flat glass prices by 25 per cent—and those increases were mirrored by its European rivals. Despite some grumbling in the glass trade, prices are still below those of 1980—even before adjusting for inflation—and UK prices

are some 6 per cent below those on the Continent. Further increases are therefore expected in the spring.

It is the interaction between Pilkington's hard won unit cost gains over the past five years with the sudden increases in prices which has sent profits soaring so dramatically. And this strong growth seems set to go on for at least another couple of years.

The European glass market is in a cyclical upswing and, says analyst Angus Phaire of County Securities, "it should be a seller's market until at least the end of 1988."

But what will happen to Pilkington when the inevitable downturn occurs? It should be much better protected than in 1980, thanks to its cutting of manufacturing costs, while the European producers seem unlikely to engage in such a bitter price war again. "I think the glass industry has learnt its

lesson," says Antony Pilkington. At the same time, the group should be cushioned by its rapid diversification over the past few years, both geographically and into high-tech areas.

At the end of the 1970s Pilkington was far too dependent on its traditional British and Commonwealth markets, with 61 per cent of turnover in the UK, 11 per cent in Europe and 1 per cent in the US. Now the proportions are Britain 25 per cent, Europe 29 per cent and the US 26 per cent. This balance has been achieved largely through acquisitions, notably Flachglas in West Germany, and, last year, Libbey-Owens-Ford (LOF), the major US glass manufacturer in which it had previously held a minority stake.

As a result, Pilkington has become the world's leading manufacturer of flat and safety glass, though only by a short head.

As Antony Pilkington acknowledges, being able to call yourself the biggest is not a goal in itself. But he argues that you have to be big, given the size of the capital investment required in a float plant (up to £100m) if you are to be anything other than a niche player. Bigness can also provide important technological cross-fertilisation between subsidiaries.

America will provide an important test of this argument. In LOF it has bought a company which lost direction in the 1970s and went into loss. But since 1982 nearly all its old management has been replaced (by Americans) and it is now on a recovery tack, though it still has a considerable way to go. LOF's margins on sales are still well below the rest of the group (around 7 per cent compared with 12).

It is a leading US manufacturer of safety glass, supplying some 65 per cent of that used in General Motors' vehicles. This inter-dependence could prove a weak spot, given GM's loss of market share and sharp fall in profits.

But Pilkington is combatting this by widening the customer base—it has a joint venture with Nippon Sheet Glass in Kentucky (to supply Toyota) and in Mexico (for the sunbelt states), by moving into the windscreen replacement market, and by developing new products (notably encapsulation glass which allows windcreens and doors to be fitted flush and thus saves fuel).

Under LOF's old management the flat glass side of the business was given much less attention than safety and the company pulled out of the biggest part of the market—that for thin glass. Pilkington is now planning to get back in, and

build up the business through better marketing and higher value added products.

Pilkington's expertise in flat glass has already led to a major improvement in the quality of LOF's existing products and the hope is that LOF's superior knowledge in safety glass will make Pilkington better able to tackle the world motor market.

In its quest for a greater contribution from high-tech subsidiaries Pilkington still has some way to go. Electro-optical and ophthalmic products currently account for a mere 5 per cent of group profits, but they are among the fastest growing parts of the business and Pilkington wants to raise their contribution to 30 per cent by the mid-1990s.

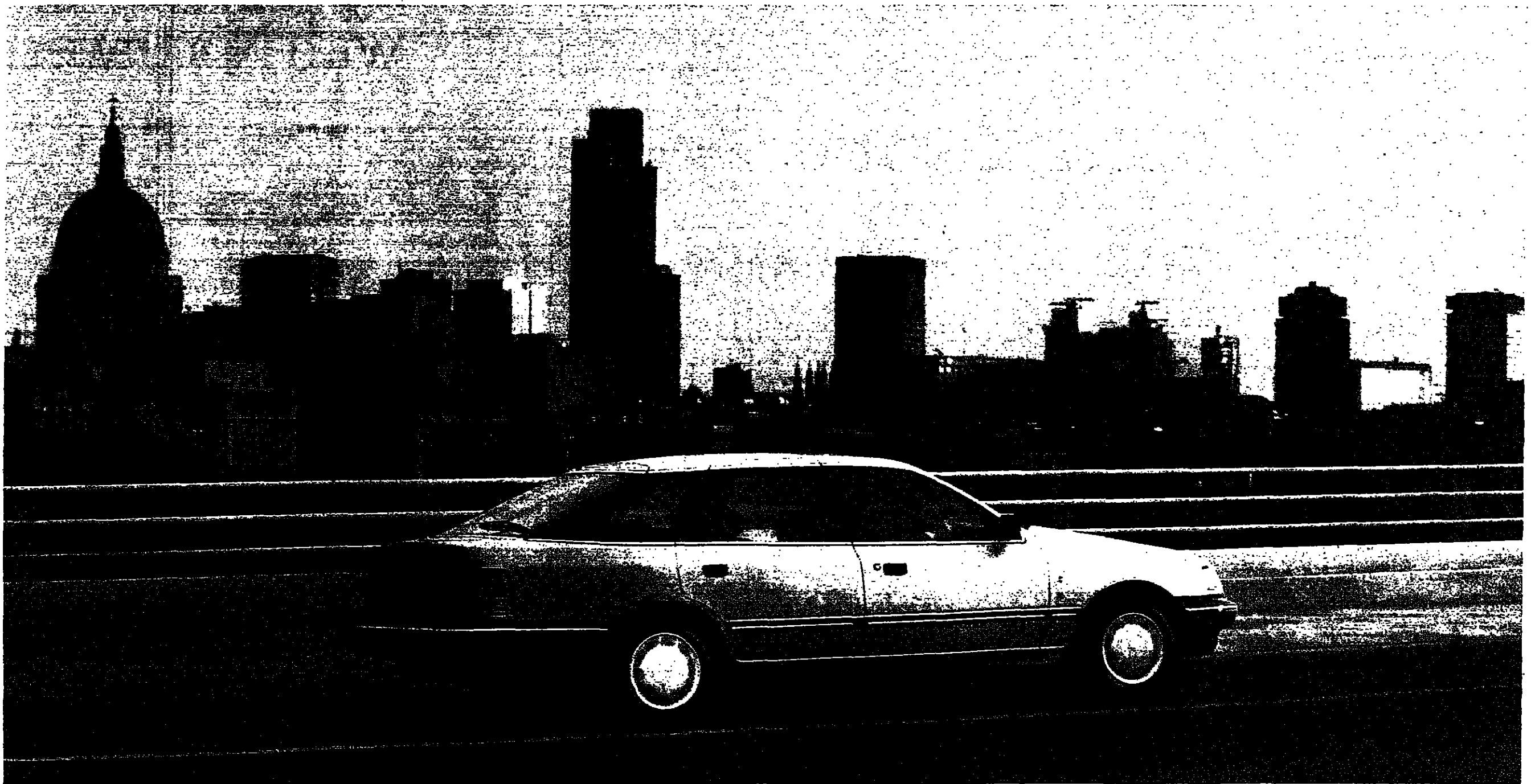
Products of the electro-optical business include sights which enable guns to pinpoint a target at night; head-up displays for US military aircraft; and fibre optic communication links. The ophthalmics division—centred on the Sola group, which was acquired in 1979—is one of the world's leading producers of plastic lenses.

Angus Phaire, of County Securities, believes that these areas have immense potential if Pilkington achieves the right technical breakthroughs in exploiting the science of light-waves and the interface between glass and plastics. He holds out the visionary possibility of this side of the business producing more profits than flat glass by the turn of the century. Antony Pilkington is more cautious, merely saying: "There is enormous potential in electro-optics but there are also lots of pitfalls."

And, despite the restructuring, he acknowledges that the rest of the business still has problem areas, a major one being UK safety glass, the fortunes of which are tied to the ailing British motor industry. Pilkington has considered pulling out of the area, but then decided against this because "it would leave a void one of our competitors might fill, and you don't open up a flank like that in your home market."

And the bid showed that Pilkington's style of communication with the outside world left a lot to be desired. It does not say much for the company's relations with the City that its shares, which now trade at more than 700p following a sudden re-rating, were as low as 315p at one point last year.

That might have been the result of a touch of complacency, or of St Helens' intrusion. But Antony Pilkington seems to have learnt the lesson: "We don't want to get into a position again where someone thinks they can run our business better than we can."



### The new Granada 2.9. Greater flexibility pays dividends in the city.

Few things in life are as annoying as City traffic. You may be able to cope but is your car always up to it? What you need is a car that pulls away really smoothly at low engine speeds, a car, that is, with plenty of torque.

That's the greatest asset of the new Granada

V6's, the 2.9 and the 2.4. Both these refined engines develop lots of torque at low speeds.

This makes them very flexible.

Not only will you find them completely unflustered in stop-go traffic, but also they accelerate more smoothly away from corners without

changing down and really pour on the power when overtaking.

If you'd like some figures that prove the point, we can tell you that fourth gear acceleration from 30 mph to 50 mph is 1.4 seconds faster with the new 2.9 than it was with the 2.8. Not a lot on

paper, but quite significant on the road.

Top speeds are impressive too—129 mph for the 2.9 and 121 mph for the 2.4.

Apart from that, you'll be pleased to hear the 1987 Granadas are hardly changed. After all, the previous model did win 18 major international awards including the most prestigious of all, 'Car of the Year 1986'.

They're still the same stunning shape, they're still exceptionally spacious inside, and of course,

anti-lock brakes are still standard equipment in every model in the range.

Also, you can still buy 1.8 and 2.0 litre models.

And there's a 2.9 with four wheel drive.

Whichever you choose, we're sure it'll be quite a success in the City.

\*Ford computed figs. for optional manual 5-speed Ghia.

The new Granada  
2.9 and 2.4.











## SOLAR ENERGY

**M**oney Management didn't underestimate it. They named Sun Life's Unit Trust company 'Best New Fund Management Group of the Year'. So did The Sunday Telegraph, whose accolade was 'New Unit Trust Group of 1986'. And The Observer, who named us 'Small Group of the Year'.

The market didn't underestimate it either. From January 1986 to January 1987, unit trust funds under management grew by £180 million from £21 million to £201 million.

Sun Life has combined the power and skill to win this financial hat trick with a performance versatile enough to stay the distance. For example, we're also celebrating the record performance of our unit-linked life Managed Fund that grew by an impressive 398% over its first 10 years to rank 2nd out of 32 funds\*.

These achievements were no flash in the pan or beginner's luck.

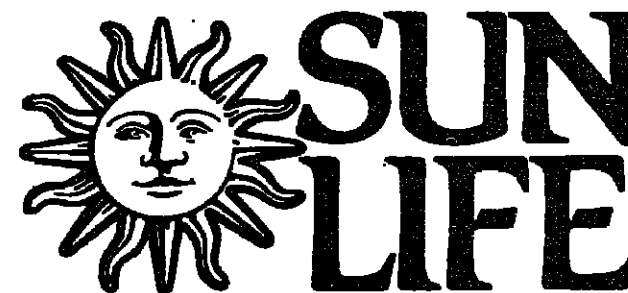
They are the result of Sun Life's brand of energy. One that combines the strong business

sense, nerve and stamina of an investment house, backed by 175 years of experience, and the shrewd observation and timing of an investment management team like SLIMS (Sun Life Investment Management Services).

Just a few good reasons why our skills shouldn't be overlooked by anyone interested in performance and expertise.

If you'd like to meet some energetic people, ring Tony Setchell on our factline, 01-606 7788.

\*Source: Managed Funds quoted in FT 11/2/77 and still offered on 11/2/87.



**SUN LIFE**

**BRINGING INVESTMENT TO LIFE**



## TECHNOLOGY

# Industrial harvest from America's maize mountain

By David Owen in Chicago

A GROWING range of maize-based industrial chemicals is under development in the depressed American corn belt — a move which proponents hope may eventually help to absorb chronic national grain surpluses.

Within eight years, if current projects are a reliable indication, maize-based products may be competing with established, often oil-based, products ranging from biodegradable packaging to detergents, de-icers to a coal desulphurising agent.

There is no doubting the need to stimulate industrial consumption of maize. By the end of the current marketing year some 5.3bn bushels of maize, the grain crop worst affected by North American oversupply, will probably be lying in storage.

Attempts to boost exports are looking increasingly futile and since the current decade began it is the industrial sector which has been responsible for "virtually 100 per cent of consumption growth" in the US, according to Hal Smedley, the St Louis-based director of market development for the National Corn Growers Association.

In the 10 years to 1985 — spurred by the expanding markets for maize-based sweeteners and alcohol — the proportion of the national maize crop put to industrial use rose from 7 to 13 per cent.

One company already well established in producing maize-based specialty chemicals is Horizon Chemicals, a division of the Illinois-based cereal processor, A. E. Staley Manufacturing.

Until recently, its marketing efforts were exclusively focused on the Sta-Meg range of methyl glucosides. These resin mix modifiers are now establishing themselves in several diverse industrial markets, according to vice president and general manager, Gary Granzow.

The product stands or falls by its capacity to enhance the performance of existing resin systems.

For example, Granzow says, the use of Sta-Meg in urethane foam production for the building insulation business "improves fire retardant properties and diminishes smoke generation." Added to wood adhesives, it enhances "the overall wetting properties," affording a 10 to 15 per cent increase in wood strength and enabling the buyer to use 10 per cent less glue.

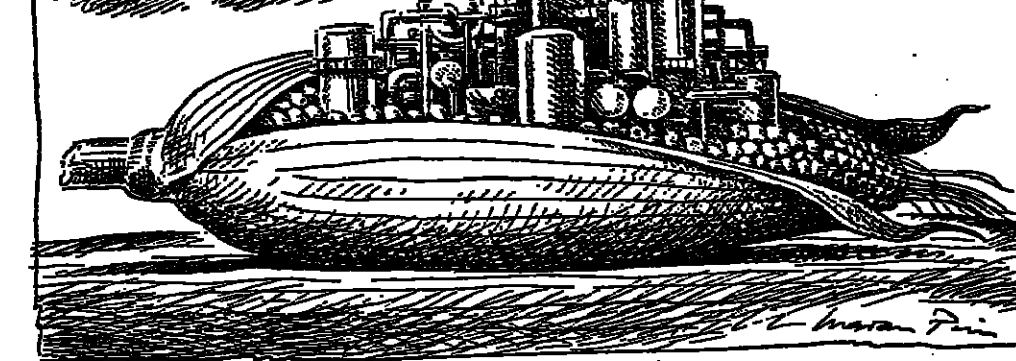
Methyl glucosides have proved particularly popular, according to Granzow, as an additive to laminate adhesives, because of their so-called "plasticising" properties. When used in laminate manufacture Sta-Meg makes the material much more pliable and

easier to punch holes in without splintering — an important consideration in circuit board manufacture. A related product is being developed for use with textile treating resins which, Granzow says, will make "cotton-polyester feel more like cotton."

Horizon manufactures methyl glucoside under a newly patented process, by pumping raw, dried maize starch through a pipeline reactor at a certain temperature and pressure. The process converts the starch into dextrose, and dextrose, by reaction with alcohol, into methyl glucoside. "Our innovation was the pipeline reactor," says Granzow. "Starch is not soluble in alcohol — it is a paste. No one ever imagined putting that through a pipeline reactor."

Horizon's decision to launch methyl glucosides as its first product line was deliberate. As a bona fide new product area, there was no established direct competition. For its second angle of attack, the company is addressing an area where oil-based chemicals have long predominated: the 5bn lbs per year US surfactant market.

Surfactants are an integral part of all detergents. Without them, the emulsification of oil into water (the basic cleaning process) would be impossible. Horizon's maize-based surfactants, now at the test



marketing stage, have a number of advantages over oil-based competitors, according to Granzow — not least a uniformly high level of water solubility. This solubility means that, for the first time, builder systems, used in heavy duty detergents, can potentially be formulated in liquid, not powder form.

An interim 5.7m lbs per annum plant will be onstream by the spring, says Granzow. The company will initially price its alkyl polyglucoside surfactants "at the higher end of the market" — a move which owes more to perceived performance advantages than to actual production costs.

Elsewhere, research is under way to evaluate the cost of

deriving acetic acid from maize as a stage in the production of calcium magnesium acetate (CMA) — a possible alternative to salt as a road de-icer. The attraction of CMA: it is about eight times less corrosive. The drawback: even at today's maize prices, it would probably be six to seven times more expensive than salt.

CMA proponents like Hal Smedley believe, however, that this price differential should be set against the \$2bn per annum of damage which he says salt does to American vehicles.

Research into biodegradable plastics for packaging applications is also "showing some promise," according to Smedley. In theory, he elaborates, a molecular bonding can be

achieved between starch molecules and a non-biodegradable material, such as polystyrene, improving the characteristics of both.

Since this technique would conceivably permit the rate of biodegradability to be controlled, it may ultimately also be used to develop, for example, controlled-release pesticide capsules.

Currently, researchers are endeavouring to find a suitable "compatibiliser" to promote bonding at the molecular level. "What has been achieved so far is more combining than molecular bonding," says Smedley. "I will be sorely disappointed if we don't have something within five years," he adds.

## Car radar steers round cost barrier

THE IDEA of collision avoidance radar for road vehicles re-emerges from time to time but usually such systems turn out to be too expensive for consideration by the car makers.

Now however, Battelle, the US research organisation, has developed a system which it is ready to licence and which, according to Mr Tom Noble of the Columbus, Ohio, division, "is extremely simple and could be sold at low cost when manufactured in volume."

Noble thinks that if enough suppliers to the automotive industry emerge, costs "would be driven down quickly to a few hundred dollars."

The system combines a beam-steerable aerial with modern signal processing to allow obstacles in the road to be clearly distinguished from other, background objects. The beam steering unit is simply a rotating plastic cylinder with copper strips that deflect the radar beam in a fast sweeping motion across the road ahead. Any hazards are signalled to the driver by a light or audible warning.

## Letting golfers know the score

FIDDLING ABOUT with score card and pencil on the golf course can be replaced by a device called Caddy Card, put on the market in the UK by Motion Vision of Marlborough.

With electronic key pad and liquid crystal display, Caddy Card can keep track of the single hole scores of from one to four players, their individual cumulative totals and the par totals for the course. It can also review any specific single hole or all holes played to that point.

The pocket-sized device costs under £40 and its batteries last for over 175 playing hours.

## A shining example of detective work

A SMALL UK company, Lambda Photometrics of Harpenden, is offering forensic investigation equipment called Laserprint 1000 which promises to make life more difficult for criminals.

The operator uses a pencil-like probe, fed with light from a laser via a length of optical fibre. He scans the beam — as if using a small torch — over objects at the

telephone 01-622 1276

**JOHN NUGENT**

CONSTRUCTION PLC

scene of the crime, whereupon any tell-tale evidence like fingerprints or fibres emit light due to fluorescence. Set up in less than a minute, the device has an optional photographic kit enabling the evidence to be photographed and a print produced in 10 minutes.

**WORTH WATCHING**

Edited by Geoffrey Charlish

## French sense of the driller's art

SAMEGA, a French company, has developed a device that provides drilling engineers with five important pieces of information as work proceeds.

Called Celerograph, the unit uses sensors to measure the rate of drill penetration, weight on the drill bit, injection pressure of the drilling fluid, rotational speed and torque. Data collected by the unit gives engineers the information they need to identify different kinds of strata material, estimate hardness and permeability and detect any unusual voids. The system will give instant warning of many kinds of problems.

CONTACTS: Battelle: US, (614) 424-1884 or in London on 01-483 0184. Motion Vision: UK, 0272 40375. Lambda Photometrics: UK, 05227 64334. Samega: France, 1 8448 9440.

## How to get an immediate feel of on-screen product designs

BY GEOFFREY CHARLISH

3D SYSTEMS, a Californian company, has produced a prototype machine which, fed with the electronic output from a computer-aided design system, will produce in plastic a model of the object designed on the screen.

The company has just raised \$1.5m from Vancouver-based venture capital company Lionheart Resource Corporation and is taking development towards commercialising its product. First sales are expected early next year, and although the price is unknown, it is unlikely to be less than \$20,000.

The technology, called stereolithography, is the ultimate step in computer-aided design (CAD). Already, engineers and

designers seated at screen and keyboard terminals can construct perspective drawings of products and components and fill them in to give pictures that are difficult to distinguish from colour photographs of the object itself.

Now, they will be able to take the final step and produce a model that can be handled and used for styling appreciation and perhaps for engineering tests. So the system will be of particular interest to consumer product makers.

It seems likely, for example, that car stylists could have a foot-long model immediately instead of having to wait for machined versions or full-size clay models made by craftsmen. Later, 3D Systems hopes to be

able to make components that can form working parts in systems.

In stereolithography, a fine beam of ultraviolet light, steered by dimensional data from the CAD system, activates liquid photopolymer in a tank in three dimensions, causing hardening in the activated volume. (Photopolymers are liquid plastics which become solid where they are exposed to light of particular kinds).

The downward-pointing beam scans the areas of the photopolymer representing successive, very thin horizontal "slices" of the object. These areas harden and build up vertically to form the object as a stack of adhering laminations.

The system is straightforward, but has to be accurately con-

structed. Immersed in the vat of photopolymer is a platform that can be moved up and down in the liquid by an accurate vertical motion system. The platform starts very near to the surface so that it is covered by a thin layer of polymer. Then the beam makes its first passes to form four support posts as the platform is lowered. The process continues in the same way, starting with the bottom of the object and finishing with the top layer. As each layer is hardened, the platform descends and the liquid flows back over the surface ready for the next scan. On completion, the object is fully submerged. It is removed from the vat and a solvent is used to remove the unhardened polymer on its surfaces.

The company has so far produced only a feasibility prototype in which low light power and rather large spot sizes have been used. This means that objects of only a cubic inch or two take two or three hours to form. Furthermore, the accuracy of the finished dimensions are only within about 0.004 inch (0.001 inch would be more acceptable for a commercial version).

However, 3D Systems is currently building a system with higher ultraviolet light power, allowing faster scanning. Also, liquid polymers are being used with more sensitive response to ultraviolet light and with a lower viscosity which allows quicker flow-back over each hardened section. Figures from the company indicate that the

fully developed system should be able to produce a shoe-box sized, dimensionally accurate object in minutes rather than hours.

The technique therefore seems bound to interest industries already using CAD, and where repetitive "cut and try" prototyping is customary. Usually, a prototype (or perhaps a prototype mould for a part) is machined in metal or plastic, taking anything from a day to a week. If it is not right, the lengthy, expensive process has to be repeated.

With 3D Systems' equipment, each prototype might only take half an hour to construct. By simple programming, several could be made at the same time, allowing assessment by a number of executives at once.

**26,000,000 FEET.**

**9,200,000 MILES.**



Iberia has made fast friends of business travellers all over the globe. Each year, in fact, we fly more than 43 million people, travelling a total of more than 9,200,000 miles. To 81 different cities throughout the world.

We know that to many a weary business flyer, the hours they spend with us on-board are frequently the only restful hours they will spend that day. Which is why Iberia's "Business Class" welcomes travellers with that special touch that turns a routine business trip into a pleasurable journey.

A select bottle of fine wine from Iberia's renowned wine cellar-in-the-sky. A kind gesture, like offering a soft pillow and cozy blanket. Our new catering service that is always accompanied by a warm smile and gracious style. These are the elements that create that very special atmosphere on-board an Iberia flight. Turning Iberia's Business Class into a world class flying experience.

The next time you fly, ask your Travel Agent about Iberia. You could not make a more sound business decision.

**IBERIA**

THE BEST CONNECTIONS IN THE WORLD MEAN NOTHING IF AN AIRLINE FORGETS THE HUMAN ONE.



## FINANCIAL TIMES SURVEY

Office Design  
and Furniture

Today's revolution in information technology, plus the advent of automated building services and the "intelligent building" concept call for a greater expertise than ever in designing and equipping the modern office

## Planners face new pressures

By Jane Rippeteau

NOT MANY years ago, a leading architect joked that the first person to whom many corporate executives would turn when they needed a new building was the only person in the company that had anything to do with the building: the maintenance manager.

Those days are long gone. Today, only the experts will do. For today, as the experts like to say, buildings must be "intelligent."

The level of complexity involved in creating office buildings today is staggering and unprecedented. Corporations want to reflect often complex, new architectural images. And structural feats in new buildings are not uncommon as buildings rise taller, span further—to accommodate large financial trading floors, for instance—and straddle other buildings to squeeze into tight city sites.

But that is just the beginning. According to executives and building professionals interviewed, the most significant impact on modern office space today is coming from the continuing invasion of electronics.

There are two principal and until recently distinct sources of this:

• Firstly, the advent of automated building services and

energy management systems. Mechanical systems for heating, ventilating, air-conditioning and lighting, as well as surveillance, security and fire-protection systems can now all be monitored and controlled by microelectronics-based sensors, microprocessors and computers.

• Secondly, the information technology revolution. This has brought into the office advanced, multi-function telephones, desktop computers, and sophisticated capabilities for high-speed, wide-area voice, data and video telecommunications.

## Expertise

"What's happening to buildings today is like kitting-out a chemical plant with control devices," says Alex Henney, a former computer systems engineer who now consults to DEGW Architects, a UK design and space-planning company.

The problem for the user—the owner, renter or buyer of such electronics-loaded office space can be enormous. Expertise is needed from two totally different disciplines—mechanical and electrical engineering, on one hand, and computers and

telecommunications expertise on the other. And the invasion of electronics can affect everything from the lights to the furniture, from under-floor cabling to long-range corporate strategy as a company attempts to guess at just how much desktop computer power its employees will need or want to remain competitive in the business world.

Getting it right can, in some cases, cost millions of dollars, but making mistakes can cost that, too. Bad planning can, for example, harm an organisation's flexibility. If power outlets are not on the right kind of grid, for instance, that problem can restrict a company's ability to move people around or to install or alter new information technology required at a certain location.

The pressure is on to make sure one's space measures up. Automated Office magazine recently carried an IQ test for buildings, devised by the electronics controls supplier, Johnson Controls of the US.

From overhead lighting to whether wiring grids which can cope with PBXs (private telephone exchanges) or even the futuristic, "integrated services digital network" (ISDN) for mixing voice, data and video communications onto a single tele-

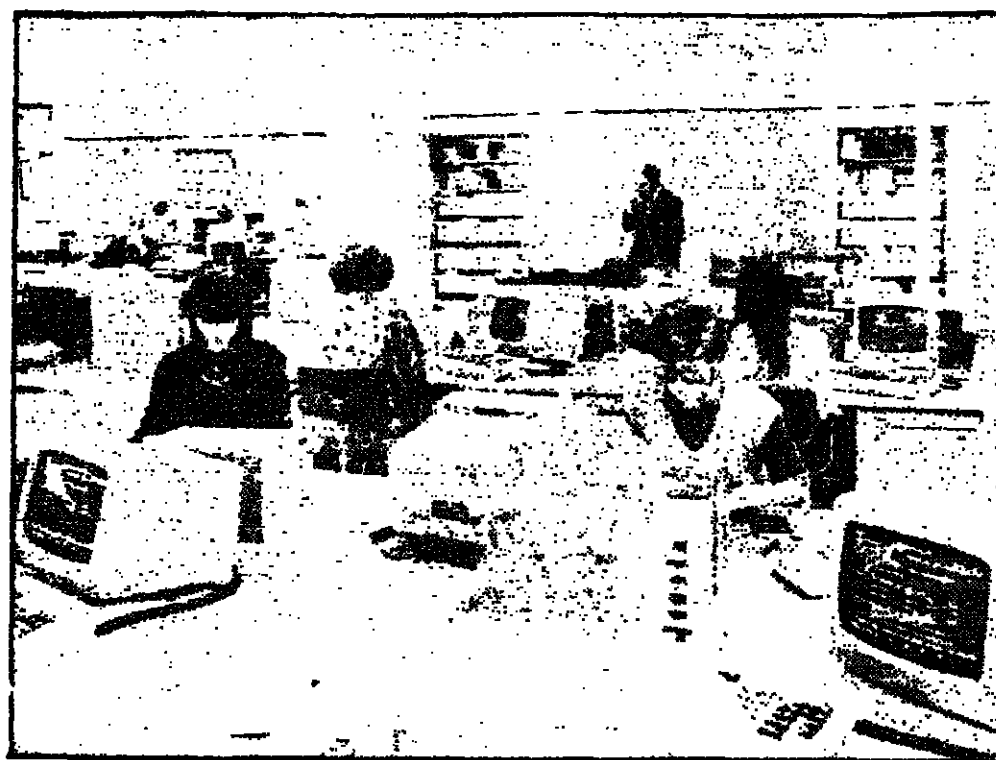
phone line, the test prys into a building's level of sophistication. If your building falls below a top score range of 110 to 200, well, it just is not "intelligent."

Complicating matters is an unresolved discussion in the industry over whether and how to integrate the two sources of electronics in buildings, which have a commonality in microelectronics technology yet arrive from different disciplines: building engineering on one hand and computer and telecommunications technologies on the other.

"At the moment, you deal with two totally different sides," says Frank Duffy, senior partner of DEGW. "The vendors are different. The language is different."

Some companies, chiefly Honeywell, which has roots in both disciplines, are attempting to create a market for full-service packages. Others argue the two most sensible should remain separate. But the need for integration may actually be on the rise.

Experts point out, for instance, that one of the chief difficulties in highly-computerised environments is that of getting enough air-cooling capacity inside to dissipate the build-up of heat. But as advances in computer design continue, the heat problem is expected to drop.



## Growing demand for wire management

THE ever-increasing use of computer terminals demands a high degree of wire management in office planning. An example (left) is British Telecom's billing department at Bedford where Flexform's new furniture range, Fleximetric, is installed.

This range is one of two furniture systems developed by the Leeds company since the management buy-out in 1980, when Flexform's turnover was just over £1m. This year's projected figure is nearer £10m. Flexform is one of several suppliers of wire-managed furniture systems selected by BT — other sources include Project, Britain's major office furniture supplier; OEF; and the Crown Suppliers.

More than 45 mainline manufacturers compete in the UK's £331m office furniture market, in which computer-related "systems" furniture is the fastest-growing sector.

organise the miles of cables required to wire up the ubiquitous electronics.

And office furniture makers are tapping a fast-growing market in custom-designed, custom-built furniture to hold the new desk-top electronic devices.

Computer companies, telecommunications suppliers and others not normally in the business of office building and design are in it now.

Many of these interests are competing for slices of the same business. The result, notes Henney of DEGW, is "a bewildering array of choices" for the user.

The array may continue to widen for some time, notes Thomas B. Cross of the Intelligent Building Corporation in Boulder, Colorado. He envisages a day when office buildings may simply house communications technology while erstwhile office workers, equipped with mobile communication devices, move about freely and conduct business from wherever they happen to be.

"We have to rethink the nature of the office building," says Cross. "Knowledge workers could use buildings simply to store their interface mechanisms" as they move about, travel in airplanes and stay in hotels.

Executives interviewed con-

cede that just how to organise the development and operation of ever-more-complex office space is still unclear. One of the most formalised attempts to ease the user's burden is an approach developed in the US called "shared tenant services."

The idea is that a developer provides a building fully fitted out with all of the necessary electronic and communications systems, which he selects in advance. Tenants then rent space in the property, paying a fee for services provided.

According to Frank Duffy, senior partner in DEGW Architects and also editor-in-chief of Facilities, an industry publication, more than 100 shared-tenant-services projects existed in the US by the end of 1985, with many more planned. Properties involved are typically large, high-rise, in urban concentrations and built on speculation.

Cross of the Intelligent Building notes that the trend is especially attractive to computer and communication equipment suppliers who can install their own machines in them. A unit of International Business Machines manages over 50m sq ft of such space, he says. That's "a huge captive market for IBM services and equipment."

The concept has not always

worked well, however. At least one leading participant has dropped out. The main problem seems to be that, with all the choices of suppliers today, not all tenants want their systems designed or pre-selected by somebody else. They want to choose and run their own telephones, computers and other systems they feel are best tailored to their own premises.

The Japanese have pursued the intelligent building concept aggressively, with a heavy emphasis on comprehensive electronic capability including so-called wide-area networks linking several buildings. They also place emphasis on city-wide planning to accommodate advanced telecommunications, such as the availability of teleports for telecommunications transmission into which multiple buildings can feed, says Duffy.

Just how the problems of designing building and equipping the offices of today and tomorrow will resolve themselves is unclear. But what the industry, and a growing number of executives, do seem to believe is that those who ignore the challenge stand to lose the emerging tools of modern business. The technology is here. Those who can harness it to advantage quickest will have the edge.

When you're No.1  
you can provide the right solution,  
faster.

As Britain's No. 1 in office furniture, Project set the standards by which others are judged. In style and function, price and service. And in expertise to solve the problems in today's complex high-tech offices. Economic use of expensive space, neat and safe cable management, heat, noise, lighting... Building in flexibility for inevitable changes, so today's office environment can cope easily with tomorrow's requirements.

And make a positive contribution to your business. When you need to replan your offices, go straight to the top. Call Project first.

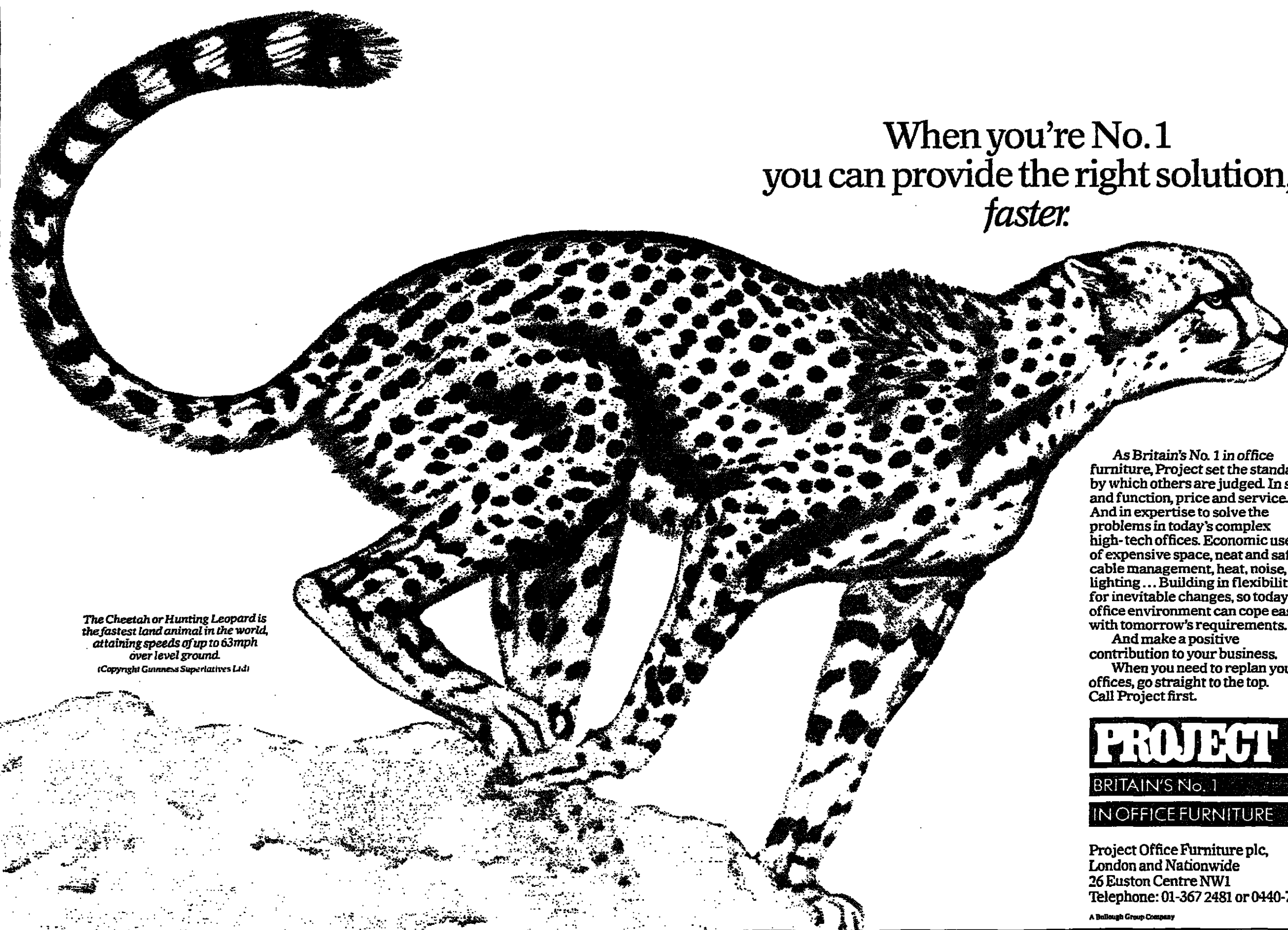
**PROJECT**  
BRITAIN'S No. 1  
IN OFFICE FURNITURE

Project Office Furniture plc,  
London and Nationwide  
26 Euston Centre NW1  
Telephone: 01-367 2481 or 0440-706001

A Balfour Group Company

The Cheetah or Hunting Leopard is the fastest land animal in the world, attaining speeds of up to 63mph over level ground.

(Copyright Guinness Superlatives Ltd)





## Office Design 2

In the City of London, Lloyd's new building is now a reality—the forerunner, perhaps, of a new generation of buildings that are totally services-dictated to meet the needs of the information revolution.

## The shape of things to come

NEVER HAS an office building looked more like a big machine than Lloyd's of London's new headquarters in the City. The iconoclastic compound of exterior stair towers, exposed ventilation ducts and grid-encased atrium walls was designed for the Lloyd's insurance exchange by the British architectural firm, the Richard Rogers Partnership.

For the architects, making a building look like a machine was exactly the point they had in mind. To them, in many ways, the office building of today is a machine.

"Up to 10 years ago, an architect's major task in designing a building was to keep the water out," says John Young, the partner in charge of the project for the Richard Rogers Partnership. "The new generation of buildings is totally services-dictated, and that means electronics," he adds.

Services, recalls Mr Young, used to mean a "water pipe and a drainage pipe."

Today they include everything from the plumbing and lifts, sophisticated, computer-controlled heating, ventilating and air-cooling systems, high-technology lighting that may be tied in with energy-conserving air-recovery features, fire-protection, security, and, of course, the computers, automated telephones and telecommunications links that have ushered into modern offices by the information revolution.

The Rogers Partnership, along with the project's engineering consultants, the prestigious UK firm Ove Arup, was keen to illustrate this machine aspect of today's most sophisticated office space. But even the designers were, admittedly, caught a little off guard by just how profoundly the new technology can affect design.

At Lloyd's, for instance, rooftop service enclosures are larger than the architects had originally intended them to be. The huge stainless steel boxes jut into the sky, looking to detract from an otherwise delicate detailing of the roofline. These units are larger than expected because the power loads they had to handle are larger than ex-

pected, explains Young. Loads kept growing as more workers adopted computer technology and desk-top terminals, he explains.

"The original brief by Lloyd's in April 1978 included less than half the electronics we have put in. Very few of the syndicates trading in the market were using terminals."

By 1980, everybody was in for a shock, according to Young and others involved.

Lloyd's had decided to have an independent consultancy review its project, advise on the electronics capacity the exchange had planned for, and sort out related technical requirements.

The study was carried out by Point Consulting Group of London, and its results "were devastating," recalls Young. "It said the building was under-provided by about 50 per cent in power capacity and in dealing-room new technology."

In retrospect, Michael Josephs of Point comments that the technology projections "have stood up remarkably well over the years," while the process of change is by no means complete.

Courtesy Blackmore of Lloyd's says: "In the summer of 1977, we decided we needed a new market hall. We projected the annual increase of demand for space weighted against the expected impact of electronic equipment and its supporting needs. It was a balancing act, and needless to say, we got it wrong."

Lloyd's knew that it wanted to maintain the single-room atmosphere and eye-to-eye contact of its traditional market floor, and it could project roughly what its growth would be. The wild card concerned the extent of information technology needed.

At the time, recalls Blackmore, fewer than 10 of Lloyd's 250 individual underwriters used computer terminals.

"The underwriters just didn't know whether they were going to, or when," he says.

The basic configuration had been set to obtain maximum flexibility for growth while retaining the single market hall.

known at Lloyd's as the "room." All the service elements—staff facilities, lifts, ductwork, and such—that are normally hidden away inside the building, were pushed out to six exterior towers standing at irregular spots around the rectangular perimeter.

This left the centre of the building open for the market room, which comprises the floor of a stunning, building-tall atrium. The atrium is ringed at upper levels by additional balcony floors for expansion. They were needed sooner than expected as Lloyd's grew to some 300 underwriters.

The arrangement seeks to maintain eye-to-eye contact from anywhere. People on the ground floor can see other underwriters on balcony levels. They can also reach them in person quite easily by escalators rising through the atrium from the ground floor to the upper levels.

The designers intentionally enclosed the escalators in clear walls so that their mechanical innards are on view. The effect is an appropriate and exciting atmosphere of continual motion.

That part worked fine. The high ceilings, underwriters, along with the rest of the City of London, began warning to information technology.

"We have gone from a Lloyd's with a handful of terminals to a room" where half of some 300-odd underwriters have desk-top terminals on their underwriting boxes, says Mr Young.

Every position is wired for electronics. The prospect has a state-of-the-art raised floor, one elevated about 2 feet above normal floor height to provide space for a spaghetti-like maze of cables and wires to bring power to each underwriter position.

Power runs along a central spine, with outlets on a regular grid, according to Mike Handley, senior engineer at Bovis Construction, which built Lloyd's. Extensions of up to 2 metres are possible from each outlet, providing flexibility. People can relocate and walls

can be moved without having to reinstall power lines.

Power requirements shoot up under such conditions. Power is needed not only to run computers themselves, but when they are running they generate heat that must be dissipated by extracting hot air and adding cool.

That may mean, one day, that some of the capacity added to Lloyd's may no longer be necessary, says Mr Young.

Because of the increased power requirements, the exterior towers wound up "larger and more bland than we would have wished," concedes Mr Young. But he believes that the basic concept of separating what he

calls "served and servant" space in an office building is valid and will continue to be a good solution for new buildings.

The final building "is proving to be flexible," says Mr Blackmore. But it has not come without a struggle.

Particularly vexing was the vast amount of rewiring required as specifications changed. He recalls an encounter on the job one day that would humble any self-appointed expert on high-technology buildings. Passing an electrician, the man looked up at Blackmore. "This is the fifth time I have rewired this spot," Blackmore recalls him saying. "And I thought you lot were supposed to be pretty clever."

Jane Rippeteau

## Customised design in the world of finance

THE ADVENT of electronic information technology in the office has brought with it a new breed of furniture—often customised and costly.

London financial institutions are staking this market, says John Young, partner at the Richard Rogers Partnership. Young says the average amount that a City company spends on a single workstation in newly fitted offices today is "several hundred per cent" over 10 years ago.

"It's expensive stuff," he says. "This is a market where people working in these buildings expect to be paid well and provided with the very best surroundings."

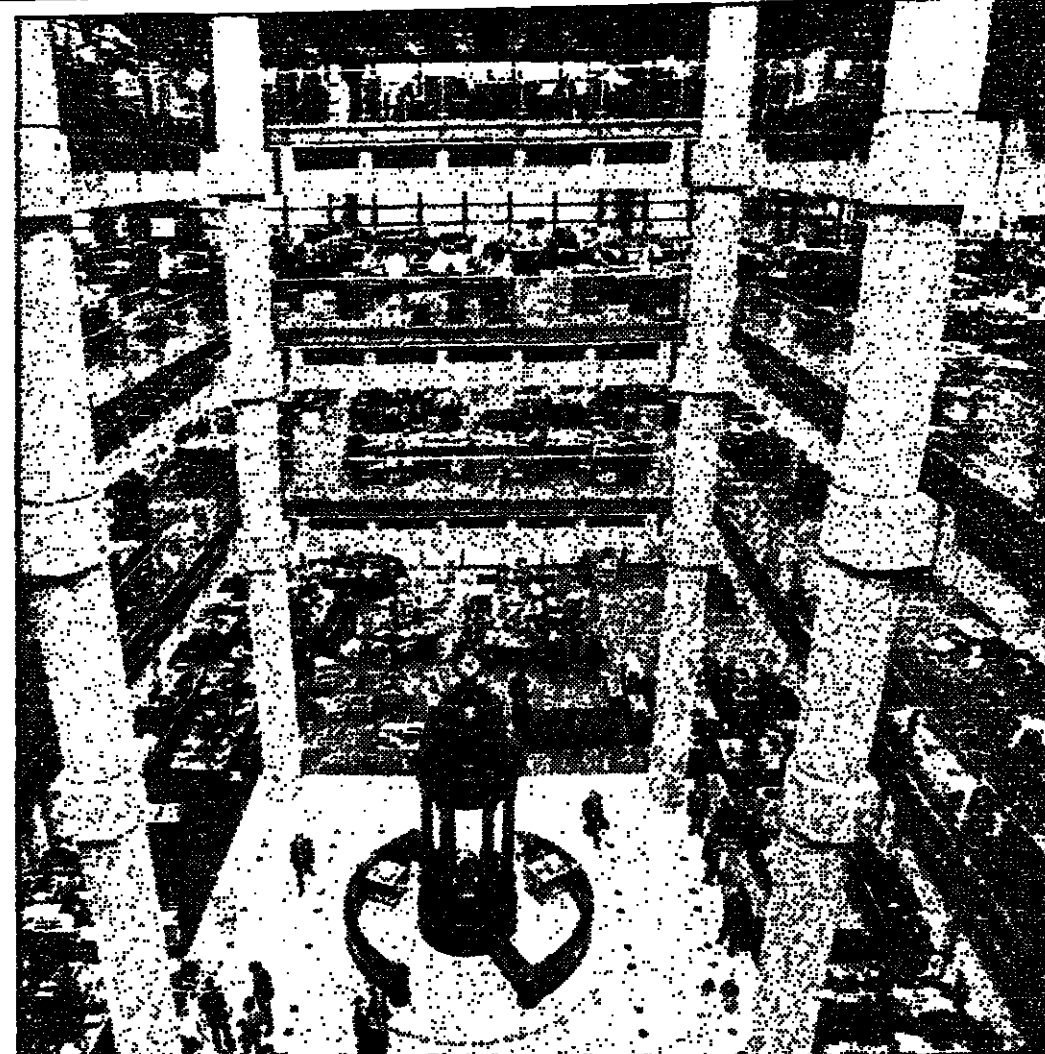
The new Lloyd's of London headquarters in the City, designed by Young's firm, is indicative: the underwriting desks, designed by Bovis Construction, which built for its syndicates are custom-designed and custom-made.

A worker seated at such a desk may not only conduct busi-

ness, he or she can also alter lighting in the immediate area, switch on fans under the floor to bring in more fresh air, fine-tune the amount of heating or cooling emanating from built-in ducts, and access all manner of electronic information from desktop screens, if desired. Not all syndicates have opted for computers yet.

Originally, Lloyd's had intended to take with it to its new headquarters the time-worn underwriting boxes familiar to its former "room," which is what it calls the large open market space where brokers shop among syndicates to place portions of insurance risk.

But those plans were dashed by an independent study commissioned by Lloyd's on the projected impact of electronics on its business. The 1980 study by London's Furniture Consulting Group warned that demands for electronic information technology were likely to exceed Lloyd's expectation.



Inside Lloyd's new building: more like a big machine than an office block

To use the old boxes, "they realised they would have had to split them apart and put in a half-metre-wide slice," or track, to carry power outlets and services needed to support computers and other equipment, recalls Mr Young.

To his delight, Mr Young and his team were commissioned to develop a completely new box. He recalls looking at the competitive Lloyd's environment as one of the "market stalls," except that they were selling millions of pounds of insurance, instead of pounds of apples.

Hence, differentiation among the boxes was desirable, but the basic box had to be standard.

"We took a kit of parts" approach," he says.

Working with the Milan furniture company, Tecno, which also has offices in New Bond Street in London, the designers

decided on a pressed metal frame comprised of two up-ended U-shaped pieces standing back to back, with a "technology slice" hidden between them and a superstructure rising above. The design allows for an underwriter seat on either side of the box. And to maintain a traditional feel to the overall design, a timber cladding was selected for the top, says Young.

In the half-metre-wide technology slice, or gap, between the up-ended "U" frames are power supplies for computer terminals, electrical outlets for other equipment an underwriter might want, telephone connections, and ducts for air-conditioning, which emanates at desk-top level up toward the face.

Above the box is a support rack that permits an underwriter to mount the terminals or screens of his or her choice. In

addition, each desk is equipped with a specially designed switch box that gives the occupant some control over the temperature and lighting in the immediate vicinity.

To differentiate the boxes, Lloyd's allowed for a choice of four different desk heights, different desk tops, such as fixed, tilted, moveable or with drawers, and three different colours for leather pieces inserted into the wood tops.

According to Mr Young, the extent of customised design in the Lloyd's underwriting boxes is no longer unusual.

"It's indicative," he says, of the kinds of environments that workers in the high-stakes financial services businesses "are beginning to expect from their employers."

Jane Rippeteau

## ADVERTISEMENT

## NEW CONSTRUCTION MATERIALS AND METHODS TO ACCOMMODATE THE INFORMATION AGE

## Each Facility in its Proper Place

Today's buildings are designed and constructed in congruence with the need for low and high voltage distribution/delivery systems in automated offices. The need to interconnect computer and telephone communications forces building planners to incorporate construction products which adapt well to wiring, cabling, connecting and in many cases to the cooling of advanced electronic equipment.

Users of buildings, involved in the service and communications economy, insist that their workplaces have the capacity and flexibility to handle information needs from micro scale to macro scale and back again.

Chicago Metallic Continental, manufacturers of ceiling suspension systems with plants located at B-2110 Wijnegem in Belgium, are most concerned with the communication and equipment conveyance systems integrated with their client's buildings, and have developed, in response to owner/user demands for accessible communication ducts, the 3000 suspension system for integrated fire-resistant ceilings.

The system has been designed as a decorative suspension element for the installation of any acoustical or fire-resistant ceiling panel but which also includes the distribution of high voltage and low voltage to the individual workplaces equipped with an L-shaped desk, ergonomic chair, terminal/CRT telephone, printer.

As, depending on the ceiling module, the carriers of this CMC ceiling suspension system are located at distances ranging



from 1,20m to 1,80m (4ft x 6ft), they offer complete freedom of design and even allow for a new lay-out or allocation of the workstations later on. Adding or relocating such a station or its appliances, only requires dislocking the trap giving access to the cable tracks in the CMC 3000 ceiling suspension system. There is no need for any tools to lock or dislock the trap and the diversion or the addition of any of the wirings. Each adaptation or relocation can be realized during the normal occupation of the area while the occupants continue to work and function in their specific way and at their specific places.

Last but not least: by locating all wirings and conduits in the ceiling void, considerable savings on the height of the build-

ing and on the cost of its floors can be achieved. All the wirings being contained in their proper steel housings, electro-magnetic induction will be limited and no messages can be disturbed nor captured from the wirings for improper use.

By all means, one decision has to be made at the stage of the design of the building: to specify the integrated fire-rated ceiling, suspended with the CMC 3000 system.

For any further information on CMC fire-rated integrated ceiling suspension systems and their applications for office buildings, hospitals, laboratories, computer rooms, etc... the CMC staff of qualified engineers is at the disposal of architects, consulting engineers, interior designers and qualified contractors.

CHICAGO METALLIC CONTINENTAL NV  
Oud Sluisstraat 5 B - 2110 WIJNEGEM (Belgium)  
Tel. 32-3-353.90.60 Telex 046-322874 - chimeth Fax. 32-3-3533275

## Computer-related furniture systems in big demand

STANDARD desk work may be on the way out in Europe, despite robust times for the white-collar worker: customised "systems" furniture is growing more rapidly than nearly everything else in the modern work station, says a study of the \$1.9bn annual market for office furniture in the EEC.

More than a tenth of this volume is in the specially-designed, computer-related system furniture. While sales in the market are expected to rise an average 3 per cent a year—or 20 per cent overall, between the base year 1984 and 1990—the system portion "will rise very rapidly, about 13 per cent a year in real terms," say the market analysts, Frost and Sullivan.

By 1990, this fastest-growing segment will comprise more than 18 per cent of the market's value, the study says, with pressures on office space and the advent of the computer in the workplace contributing factors. The overall market will stand at \$2.2bn in 1990 (at manufacturer selling price, in constant dollars at 1985 exchange rates).

In general, desks represent about 40 per cent of total value, seating accounts for about a third, and storage products comprise more than a quarter.

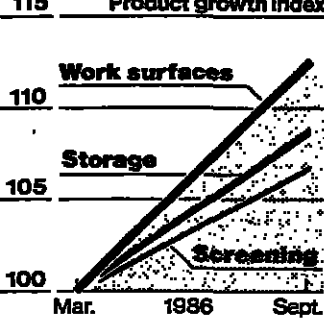
On average, Italian companies spend more on equipping their office workers than their counterparts in other EEC countries. The retail cost of equipping a new office worker in Italy is \$1,322, compared with \$1,242 in West Germany, \$1,158 in France, \$1,220 in the Netherlands, and \$978 in the UK (below average).

System design is likely to provide a major growth point. In Germany as current suppliers are adapting rapidly to electronic needs. Refurbishment of older offices will prove a high-light but demand from new office buildings will be relatively small, the study projects. Germany represented roughly a third of the EEC market value in 1985, or nearly DM 1.8bn.

Sales in the UK were about a

## Systems sales

## Product growth index



UK sales of office furniture systems work surfaces rose faster than other types of furniture in the six-month period. Suppliers expect work surfaces to remain the major growth area within the systems furniture industry, according to NBS, which carries out a twice-yearly review of the sector.

fifth of the total market (£260m) in 1985. France, roughly equal to the UK in domestic 1985 sales (£250m), is projected to grow more slowly due to lack of incentives from the government in furniture replacement.

The National Business Equipment Survey estimates that 50 per cent of the £117m systems furniture products sold last year in the UK were imported into Britain, the remaining half being either manufactured or assembled in part in Britain.

According to NBS, the value of integrated furniture systems sales far outstripped those for any other office furniture product, making up 39 per cent of last year's total market value—that is double the value of sales for seating and desks and three times the level recorded for conventional three and four-drawer filing cabinets and storage furniture.

In the opinion of Mr G. P. Barna, director of NBS, systems sales will continue to increase at a faster rate than those for any other product sector during the course of the next three years.

"In 1990, systems sales will

## Furniture market

## 3/4 drawer filing cabinets

## Storage cupboards

## Chairs

## Desks

## Systems

## 1990 forecast

## 11%

## 16%

## 16%

## 46%

## By 1990, sales of integrated office furniture systems will account for nearly half of the UK office furniture market, according to analysts of the National Business Equipment Survey.

## Steel storage market

## Unit sales index

## Office cupboards and cabinets

## 150

## 140

## 130

## 120

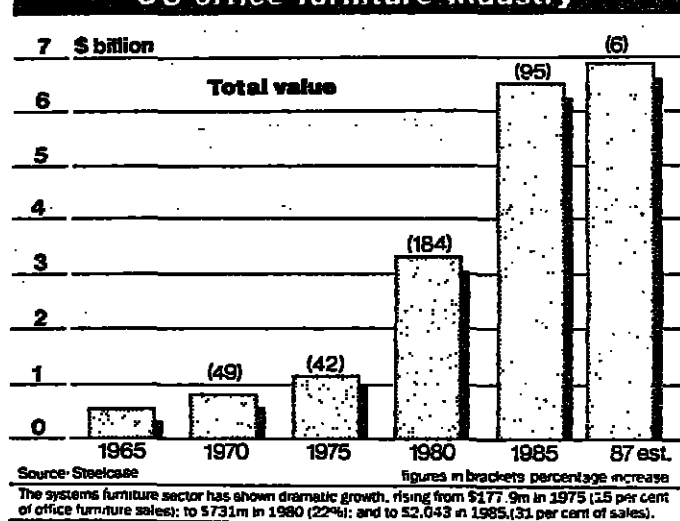
## 110

## 100

## 1982 83 84 85 86

## Demand for steel storage cupboards and cabinets in UK offices is likely to remain buoyant during 1987-89, according to the National Business Equipment Survey, which forecasts that annual demand by next year will reach 700,000 units.

## US office furniture industry



machines, telecommunication systems, copiers, microfilm, microcomputers, word processors, typewriters, filing and retrieval systems, vending and mailroom equipment.

Other leading names in the UK furniture scene, by sales, include Aronson (President), Steelcase, Interact, F C Brown, William Vere (Verco), Westinghouse, Girodex, Lucas, Vickers, Everta, G A Harvey, TBS (S Wales), Tan Sad, Antocks Lairn, Abbott Bros, Alan Cooper, W H Deane, Scott Howard, Gordon Russell, A Marshall, Shannan and Sheer Frie.

These suppliers, and others, are investing in new products to appeal particularly to the design and architectural community, since independent consultants, whether in the guise of architects, interior designers, or space-planners, have long wielded a strong influence over their corporate clients' choice of furniture.

Many UK designers are concerned by the rising import penetration of the furniture market with products from the US, Italy, Germany and Scandinavia. For example, Mr Michael Carson, of Office Kit - he is a

well-known UK designer with 25 years' experience in the field, feels that "the financial community in Britain has a lot to answer for in not sufficiently backing designed furniture products."

While Office Kit and some smaller companies have succeeded in appealing strongly to the design community, many suppliers are struggling against imports which total around 34 per cent of the UK's £231m office furniture market.

In the four years up to 1984, furniture imports from other EEC countries doubled in value and rose by 77% in volume, but more recently there have been signs that some segments, particularly in desk and systems furniture, where UK manufacturers are gaining strength.

\* The Office and Institutional Furniture Market, 254 pages; Frost and Sullivan, London and New York; (02000).  
The National Business Equipment Survey, London (01-536 0403).

Michael Wiltshire

**HEYMAN PARTITIONS LIMITED**

SPECIALIST CONTRACTORS TO FINANCIAL ORGANISATIONS

HEYMAN HI-WALL PARTITION SYSTEMS AND CEILINGS

FLAT RIBBON WIRE MANAGEMENT

COMMERCIAL SOFT FURNISHINGS

COMPLETE TURNKEY PACKAGE AND DESIGN FACILITY

Full colour brochure available from

31/33 Oxford Street, Royal Leamington Spa  
Warwickshire, CV32 4RA Tel.: (0926) 882866



## Office Design 3

Design consultants' role

## How research skills meet vital needs

DESIGN and design consultancy are growth areas in British business. The main reason for this is the rapidly changing nature of communications and information technology.

The design of an office or any workplace is subject to frequent and not always predictable changes, but designers and architects often suffer from a lack of research and a shortage of some of the most basic information about their clients' needs.

The occasional dramatic forecast that "soon all offices will be redundant and everyone will have their own mobile computer at home..." does not seem to have much effect on the actual physical world of the office and the commercial developer.

Because of the extensive and continuing changes in office technology and the consequent alterations in space standards, there is genuine need for professional advice. The office is a substantial investment for any

company, but there seems to be more easily available information about the performance of a new car than about the satisfactory functioning of a multi-million pound office building.

The evidence is all around us that the buildings erected in city centres in the 1960s and early 1970s have become inadequate more quickly than any other generation of commercial buildings.

Clearly, in the 'Sixties many a professional designer was singularly short-sighted when it came to office design. It appears that few anticipated the widespread use of the computer, the need for flexible wiring and easily changeable services and even fewer foresaw the decline of the cellular office.

What are the chances of the design professions being better prophets today?

First of all, it is clear that particularly in the case of offices, there is now an established expertise in the form of specialist firms that are not just architects or interior designers

but companies with an impressive research capacity. Their skills enable them to keep up with developments in technology as monitoring is a key factor to their activity. In a world where "paper flow" has in many cases changed dramatically, it is essential for designers to understand the latest technology.

In 1986 the top 15 design practices in Britain who specialise in the design of the workplace were handling contracts to the tune of some £200m. The largest design firm, Fitch and Co., with a staff of some 280 were designing for a list of clients as diverse as British Telecom, Guinness and a substantial range of retail clients.

It is not simply quantity of work that matters. An important British firm in this area, DEGW, with a staff of 150, has an established reputation for research and innovation in the field of office design.

DEGW can claim much of the credit for the establishment of the concept of what they call the

"intelligent building". This identifies the need for new offices or business premises to have the capacity to both incorporate advanced information technology and the means of monitoring the actual efficiency of the building itself.

An example of this new type of office supplied by DEGW research, is the Rank Xerox building at Marlow, Buckinghamshire. This building has to have a large data-handling capacity to supply its own needs, as well as satellite connection to their American headquarters and worldwide network of branches.

This need determines the nature of the design of the building. The office, with 3,000 miles of cabling and a terminal/staff ratio of 1:1, has had to be designed to meet the needs of the system.

Integrated intelligence means that any newly-designed office must incorporate its own energy and information control systems. The management of space, data and energy in an inte-

grated way is the key to effective design of the workplace. It is this unusual and in many ways new combination of skills that is needed in the design professions.

It is no longer sufficient for designers simply to know about design; they have to understand the management and organisation of business. What businessmen are looking for, too, is the professional who has already absorbed the ever-growing quantity of information and attempted to rationalise the potential conflicts of international technological systems.

What is known as a "Smart Project" is the end-result that any business should be seeking in a new office. It is a building that has its own 'intelligence', can accommodate the deregulated telecommunications, understands the control system that makes office work efficiently and economically and has the potential for change.

The role of design must not be forgotten and the quality of the

new office must incorporate finishes, colours and humane touches that make the working day agreeable as well as efficient. British designers have developed in the last five years to an impressive extent and there is clearly an encouraging return to very high quality interiors.

It is British designers after all who have recently designed the triumphantly successful Hong Kong Shanghai Bank headquarters, (architect, Norman Foster) and the highly advanced new Lloyds (architect, Richard Rogers). At a smaller scale the development of business parks such as Stockley Park (architects, Arup Associates) show how there is variety and skill within a highly designed total environment. The new multi-discipline designer is a key figure in the future of industrial and commercial growth.

Colin Amery

## Psychology in the office

## Keeping staff happy and productive

CONTENTED bees make more honey. Happy humans also perform better, whether at work or outside. But what is happiness? Office workers, like anyone else, it seems, value a little privacy and a sense of their own identity, but at the same time need to feel that they are part of a group, working together towards a common goal.

Designers of offices have long wrestled with what appears to be these competing requirements, on the one hand privacy and freedom from distraction, on the other ease of communication, whether verbal or visual.

According to Richard Hildesley of consultants, Space Planning Services: "There is a territorial desire to protect yourself and wrap walls around you, and to a degree it is right that people should be allowed to define and personalise their own area. In traditional cellular offices, they would make their office an extension of their home with plants and pictures of their children."

But there is a big challenge to this as the nature of work is changing. With a reduction in status consciousness, particularly among senior staff, it is less common to find executive suites separated out from the main body of the office.

With the escalating cost of office space, there is, he says, embarrassment about wasting that space.

"Each group within a company is a primary centre of the whole, the cost of space is usually apportioned to divisions, forcing senior guys to reassess the space they need," he says. "They



In what is claimed to be one of the largest single orders for office furniture in the UK, a £1.5m contract for more than 1,000 workstations in American White Oak has now been completed by Logic Office Contracts at National Westminster Bank's Drapers Gardens building in the City of London.

will still have a large desk for meetings but won't have it in a great area."

The revolution in information handling is perhaps the greatest catalyst for change in office layouts, with managers tending to be team leaders rather than deities, encouraging senior managers out of their own domain.

With information, online, decisions often have to be taken instantaneously. That is most evident in dealer rooms in the City of London, but it is an increasingly important influence throughout the whole spectrum of business. And with the boss and the secretary accessing the same information on the same type of equipment, the

space requirements of junior staff have generally increased, while the area that the boss needs around him has in many cases, diminished.

Some parts of management nevertheless require to have their own cordoned-off area, particularly those taking hiring and firing decisions, or those needing to discuss confidential matters affecting the company's finances.

And, according to Robert Borusa of Olivetti, status is still important in defining the amount of space allotted to different sections of the company. "It is more a requirement of the job, than status for status sake. Visitors to a company have two views of that company, the

reception area and the office they visit. If someone is in a senior position, taking decisions about suppliers, for example, he has to be able to give signals that he is in a position to take those decisions."

Even with the tendency of some elements of management to join more junior staff in an open-plan environment, small meeting rooms are still desirable where open and frank discussion can take place when necessary.

The ideal office, then, seems to be a mixture of open plan and cordoned-off areas. A plan can be broken up with screens, so helping to define circulation space and removing distractions and people's feel-

ings of insecurity, the sense that someone could be creeping up on them from behind.

Because there are no walls to mask conversation, open plan offices benefit from having a general blanket of noise of about 30-35 decibels, while fabric screens, tiles and carpets can be deployed to break up that noise.

Different colours can also play a part in reducing the anonymity of open plan, but the effect of colour, according to some studies, can depend on where you are born. In England, for example, green is often considered a restful colour, while in Germany, green is considered more disturbing, brown more restful, making it important for companies operating across countries to think carefully before standardising the colour of furnishings.

The texture of furniture is important, says Jack Spalding, managing director of Steelcase, UK.

Over 60 per cent of the UK office furniture market is in wood products. There is a touch and look about wood that people like. People are saying:

"I want to be loved when I come to work, and wood loves me a little bit more."

"We have gone the high tech route of steel look-alikes in the past, but now the pendulum is swinging the other way."

In the US, for example, wood's share of the office furniture market has recently increased from 25 per cent to 32 per cent. "The more technical we get, the more VDU's we use, the more important it is to put plants and pictures besides them. They are more friendly and natural than desks," says Mr Hildesley.

It is important, above all, to give people as much control as possible over their own work area, says Mr Spalding.

But though a contented workforce is the aim, there are no blanket solutions—a fact that prompts most office furniture suppliers and consultants to suggest carrying out accommodation studies, building up a profile of an organisation before recommending an office layout in detail.

Alastair Guild

Case study: how expertise in the fields of telecommunications, architecture and engineering were merged to produce a successful office design project for the world of finance.

## A blend of top talents

KENNETH G. MCGEE has a master's degree in telecommunications management, and has held jobs in that business at both Goldman Sachs and Citicorp. When he became a vice-president and chief of Communications Services at Salomon Brothers International in London in 1986, the last thing he wanted to do was design office furniture.

But that was just about the first task he encountered. For the furniture, and the office space it would occupy, had everything to do with telecommunications. McGee was to be a key member of the team designing Salomon's new London offices in renovated space at Victoria Plaza, adjoining the vast British Rail Victoria train station.

Says project architect Keith Mawson of Heery Architects and Engineers Ltd.: "The expertise of someone like Ken doesn't exist in our profession. The average architect/engineer firm doesn't have that in-house. Had Salomon not had their Ken McGee, we would have had to purchase that."

Five years ago, McGee, the telecommunications man, and Mawson, the architect, might have been odd partners on a design project. Today they cannot get along without each other. It is indicative of how deeply the invasion of computers and telecommunications into the conduct of business has affected the development of modern office space.

Nowhere, says McGee, is this more pronounced right now than in his industry. "In the investment banking and trading business," he notes, "you live by your telecommunications ability, or you die by it."

Salomon was determined to get it right. Victoria Plaza, now occupied, is the company's new international headquarters—the hub of a 24-hour-a-day global financial services business running from securities trading, stockbroking and merchant banking to specialised transactions in currency risk management. These can involve complex manoeuvres in multiple currencies and multinational securities.

Information fuels such deals, and electronic communications linkages are essential for carrying them out. Those who have the best of these capabilities have a market edge, provided their people can make the most of it.

Salomon—not unlike its competitors—wanted to bring the capability for instant access to global market data and transaction functions to its workers' fingertips. It had to put it into the very desks on its dealing room floor.

Victoria Plaza's 44,000 square feet of space includes a state-of-the-art, single open dealing room a third the size of a soccer field. From an initial 284 positions on that floor, dealers can access internal communications links with Salomon offices in New York and elsewhere, tap into over 30 outside data services and use an advanced telephone system with 120 lines and such features as automatic dialing to a selected list of numbers.

To ensure future flexibility, "we gave people more than they require," says McGee. Each desk (each of which can be shared by two people) is equipped with a rack system that can accommodate up to 14 video screens, even though the average number now in use at each desk is only three. The highest number of screens now racked up is 12, he says.

The screens carry such data as general news and market information from Reuters and Teletype to specific required by dealers in gifts or financial futures.

If someone decides they need more information, each desk is already designed to handle that. Although rewiring is required, "we can go from three terminals to 12 overnight," says McGee.

It was the need for all this information and communications capability that determined the design of the desks, and the remainder of the project stemmed back from there, according to McGee of Salomon and Mawson of architects Heery. The sources of information and communications needed were determined first. Next, the

hardware, from PBXs (private-branch telephone exchanges) to video units to individual telephone switchboards, were chosen.

Under overall direction of Salomon's in-house architect, Bob Metcalfe, the team began designing a desk, and an outside office furniture design company was brought in, says McGee. The traditional aspect of the resulting furniture belies the electronics within.

Once desk-level communications parameters were set, it was possible to proceed with other elements. For one, the number of communications lines provided by British Telecom and Mercury into the building had to be increased.

"You need more circuits per person in this business than in virtually any other industry," says McGee. The original building developed as a speculative office project, was served by 400 lines, he says.

"We wanted to bring that up to over 2,000. They looked at me like I had two heads," he recalls. "Now we have 3,000 lines coming in."

Flooring also received special attention. In highly-wired projects such as Salomon's, it is usual procedure to elevate the flooring so that a maze of spaghetti-like cables and wires can be hidden below it.

**Cabling**

The original speculative building had just such raised floors, but they were not high enough to take all the cabling that Salomon's project required, recalls architect Mawson. Another two feet were added; a person steps up to enter the trading floor.

Another limitation of the original building was an inadequate power supply.

"It was wired for about a half a watt per square foot," recalls Mawson. "Our trading floor was going to need an average of nine watts per square foot, and parts of Salomon were going to need 15."

Power capacity was not only

increased, it was duplicated with generators adding up to "the size of a house" to ensure uninterrupted power.

Although the building had limitations, Salomon selected it after a city-wide search for a place with at least 10,000 square feet of column-free space, preferably two stories in height, for its open dealing room. The Victoria site had that, but initially was rejected because the desired space was an atrium, says Mawson of Heery, which was among those determined to help Salomon find space.

"We had to have a ceiling over the dealing room," recalls Mawson. It was needed not only to carry lighting, air-conditioning and fire-protection outlets, but also for privacy. At the same time, British Rail would not permit any additional weight to be placed upon its own track structures below the project.

No other appropriate space could be found. Salomon decided on Victoria Plaza, and designers set about engineering an entire new structure to stand within the atrium space.

Under the direction of construction managers Leher/McGovern and contractors Bovis Construction, a ceiling supported by two slender columns through the dealing room and running down to footings below the rail tracks was erected over the room like a giant umbrella.

To Mawson of Heery, the Victoria Plaza project demonstrates just how dramatically office building design and construction have changed in just the last five years.

The original building at Victoria Plaza "was designed in 1981, but it didn't work" for Salomon's need, he says. If built today, even as a speculative project, it would have more extensive raised flooring and considerably higher capacity for power supply, air-conditioning, fire-protection and other services.

"It was a good speculative office building when it was new. But now, it is not new enough," he says.

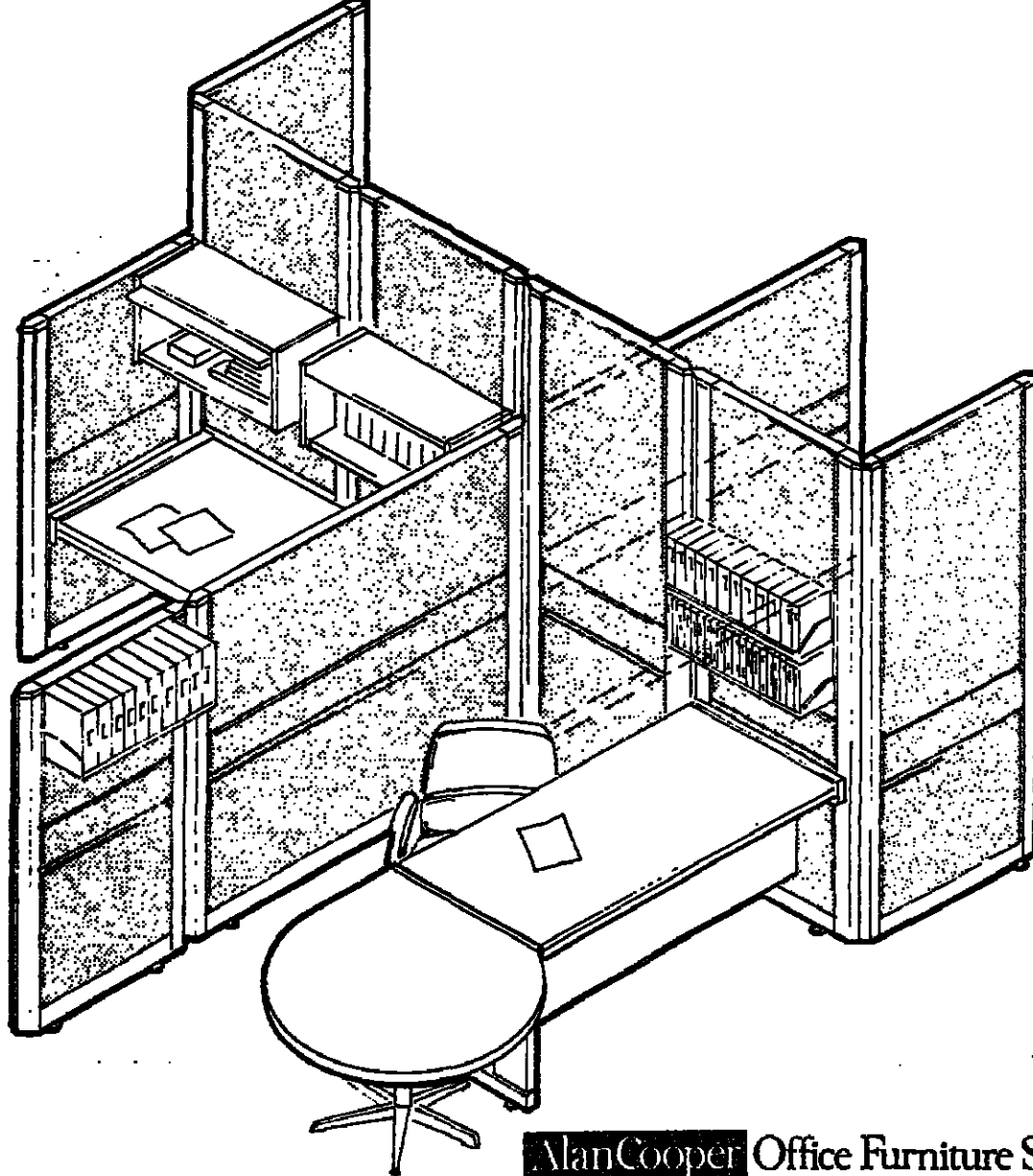
Jane Rippeteau

## System Contour. The Blueprint for Tomorrow's Office.

Contour is established as a firm favourite and now offers the added advantage of screens specifically designed to blend and fit with the existing range. Screens that back up the Contour tradition of technically advanced wire-

management and superior design, and that can also offer all the advantages of flexible screen-hung workstation and storage provision, while remaining compatible with existing desk installations.

For further information and a full colour brochure, please contact: Alan Cooper Ltd., Dept F, Burnley Road, Todmorden, Lancs. OL14 7ED. Tel: (0706 81) 5111.



Alan Cooper Office Furniture Systems

No Fitch... no comment



## THE ARTS

## Arts Week

F S Su M Tu W Th  
20 21 22 23 24 25 26

## Theatre

## LONDON

**Les Liaisons Dangereuses** (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffs. (836 6111, CC 836 1171).

**Misalliance** (Barbican): Rarely seen Shaw, and a much underplayed play, given the full RSC works by John Caird, a Polish new woman crashing into the surrealist conservatory in her monologue. Jane Lapotaire's sparkling alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (838 8795, CC 838 8891).

**The Phantom of the Opera** (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (838 2244, CC 878 6131/241 7200).

**Woman in Mind** (Vandeville): Alan Ayckbourn's new comedy has a brilliant performance by Julie McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Black but funny, hailed in some quarters as a feminist drama; but not put off by that. (838 9987/5845).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's roller-skating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cuts are all influences. Pastiche some nods to rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (838 6108).

**The House of Bernarda Alba** (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammermith. Nuria Espert, veteran Spanish actress/director, has drilled a high-calibre

cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around - all eclipsed by the ineffably touching Julie LeGrand. (437 1592).

## SPAIN

**Madrid, Where Is The Party** by Dutch group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pantomime, musical, cabaret show. Teatro Martin. Santa Brígida 3 (222 93 53), until end of March.

## NEW YORK

**Cats** (Winter Garden): Still a sellout. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffie Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 8628).

**A Chorus Line** (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6260).

**La Cage aux Folles** (Palace): With some tinsel Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

**Big River** (O'Neill): Roger Miller's music rescues this sedate version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (248 0220).

**The Mystery of Edwin Drood** (Imperial): Rupert Holmes' Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 8206).

## CHICAGO

**Pump Boys and Dinettes** (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (835 6100).

## WASHINGTON

**Glengarry Glen Ross** (Arena): David Mamet's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism in his bastion of political support. Ends March 6. (488 3300).

## Exhibitions

## ITALY

**Rome**: two exhibitions at Palazzo Braschi (Piazza San Pantaleo): **Parigi Fantastico e Romantico** - etchings by Charles Meryon (1821-1868): a meticulously detailed, but lugubrious series of etchings of his beloved city, showing its decidedly unsmiling face. The **Furniture of the Great Designers**: beautifully-made reproductions of modern movement furniture by Le Corbusier, Charles Mackintosh, Walter Gropius, Frank Lloyd Wright, Ludwig van der Rohe, beautifully made by the northern Italian firm of Cassina. Both end March 1.

**Florence**: Palazzo Pitti: The theatrical costume Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also included a section of the costumes made in the Tirelli workshops for productions by Lucio Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

**Florence**: Palazzo Pitti: Andrea del Sarto (1486-1530): Highly enjoyable chronological survey (including frescoes, oils and drawings) to mark the 5th centenary of the artist's birth ends March 1.

**Rome**: Galleria Nazionale di Arte Antica (Palazzo Barberini, via delle Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in Rome (mainly the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

**Venice**: Palazzo Ducale: China in Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (1281-1291 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been seen of China. The exhibition covers the main period of Chinese art and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

## PARIS

**Japan des Avant-Gardes**: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre

Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

**Miniature furniture of the Vendueur** collection, normally housed in the Chateau Vendueur in Calvados on view in the Louvre des Antiquaires. Some of the exhibits were samples of journeyman's skill, others reduced-scale models to tempt some royal client, others elaborate dollhouse furnishings or expressions of religious fervour. There is something especially appealing in the small dimensions of a 17th century cupboard in turned wood, of an Italian 18th century chest-of-drawers inlaid with ebony, ivory and tortoise-shell and an Empire armchair in mahogany decorated with bronze laurel-leaves. Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun, ends March 1 (4207 3700).

**Rembrandt**: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and religious scenes, particularly the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliothèque Nationale, 58 Rue Richelieu. Ends May 3 (4207 3700).

**Kokoschka**: The importance of Kokoschka in the artistic movements of his times, revealed in last year's successful Vienna, *The Birth Of A Nation*, is confirmed by this exhibition of some 80 drawings, water colours and lithographs. It explains why the artist, derided by the aristocracy and hostile bourgeoisie because of his tormented, mercilessly soul-exploring portraits, left Vienna for Germany to become one of the founders of expressionism. Centre Georges Pompidou, Closed Tue, Ends March 22 (4277 1233).

## SPAIN

**Barcelona**, **Edvard Munch** (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (frenzies of life). Fundacion la Caixa, Paseo Joan Joan 103. Ends March 22.

**Madrid**, **Ben Nicholson** (1894-1982): English abstract painter who kept to his idiom with remarkable consistency. His paintings and reliefs are geometrically inspired and derive from the surrealist forms of cubism. His abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1981. Fundacion Juan March, Castello 77. Ends March 28.

**Madrid**, **Jasper Johns** retrospective. Born in 1930, this North American artist, with Rauschenberg, was one of the originators of pop art influencing the course of art for many decades.

100 pieces: paintings, collages, assemblages of objects, plastic, metal and bronze can be seen. Centro de Arte Reina Sofia Santa Isabel 52. Ends April 5.

**Madrid**, **Nine contemporary French artists**: drawings, sculptures, murals. MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 22.

**Madrid**, **Portuguese Contemporary Art**: 150 works on loan by the Gulbenkian Foundation in Lisbon, include Vianna, Amadeo Sousa Cardoso, Almeida and Vieira da Silva. Also at the MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 15.

**Madrid**, **Gilbert and George**: British Artists exhibit spectacular murals defined as living sculptures demonstrating daily life. Palacio de Velazquez, Madrid, open Tue to Sun, ends March 1 (4207 3700).

**Madrid**, **Italian 1950-1980**: 47 Italian artists of the period show 56 works. Centro Cultural de la Villa de Madrid, Plaza del Descubrimiento. Ends March 15.

**Madrid**, **Agustín Ibarrola**: Retrospective of Basque artists work, totals 1,000 exhibits: drawings, engravings, oil paintings, carvings, woodwork of 1950-57. A mural weighing 20 tons and 200 railway tracks carefully worked on show at the Retiro Park, Palacio de Cristal. Ends March 22.

**Madrid**, **Art And Its Double**: A New York Perspective. 15 New York City artists chosen by art critic Dan Cameron, given a perspective of latest trends in the US. Fundacion la Caixa, Serrano 80. Ends March 22.

## WEST GERMANY

**Berlin**, **Nationalgalerie, Potsdamer Strasse 50**: Toulouse-Lautrec. All his graphic works, from 1894 to 1901 with more than 380 posters and drawings on show. (Ends March 3).

**Tubingen**, **Kunsthalle Philosophenweg 76**: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.

**Hannover**, **Sprengel Museum Kurzwilhelms-Platz**: Pablo Picasso. The exhibition is the most complete display of Picasso's work seen in Germany, showing the 417 pieces donated in 1989 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

**Munich**, **Leibnizhaus, Luisenstrasse 33**: Franz von Lenbach (1836-1904). The painter had himself built a Palace in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1923. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

**NEW YORK**

**Museum of Modern Art**: The first major retrospective in two decades of Paul Klee includes 250 paintings and watercolours and 50 drawings and prints, some by arrangement with the Klee Foundation in Bern which has rarely lent them (including large-format paintings from his later life). Ends May 3.

**Cooper-Hewitt Museum**: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, Lucy Commager, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 80 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

**Pierpont Morgan Library**: **Young Queen Victoria**, an exhibit of autograph manuscripts, letters, drawings and other memorabilia commemorates the 150th anniversary of the queen's accession to the throne. Ends April 12.

**Metropolitan Museum**: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The *Saint-Remy* and *Auvers*. The *Saint-Remy* and *Auvers* come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

**Museum of Modern Art**: The 1985 Grand Palais exhibit of Lurich's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

**Metropolitan Museum of Art**: The Prints of Pieter Bruegel with over 65 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel's paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

## WASHINGTON

**National Gallery (West Bldg)**: The Age of Sultan Suleyman the Magnificent explores the height of art and technical development during the Ottoman Empire in 210 16th century manuscripts, silver, gems, kaffans and ceramics. Ends May 17.

## CHICAGO

**Art Institute**: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and informal drawings. Ends April 19.

**Art Institute**: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artist's imagination, is on display in exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

## Opera and Ballet

## PARIS

**L'Elisir d'Amore** alternates with Prokofiev's *Cinderella* produced and choreographed by Rudolf Nureyev who transposes the story into the world of Hollywood with the two ugly sisters wanting to become film actresses while the leading actor pays attention only to the modest girl he turns into a star. Paris Opera (4268 5022).

## WEST GERMANY

**Berlin**, **Deutsche Oper**: Die verkaufte Braut features Lucy Fensholt, Kaja Borris and Peter Seifert. Die Macht des Schicksals, a Hans Neuenfels production, has Julia Varady, George Forbush and Giorgio Merighi. Die lustigen Weiber von Windsor rounds off the week.

**Hamburg**, **Staatsoper**: Walter Raffeiner is repeating his much praised performance in the title role in Belshazzar. La Traviata, sung in Italian, has fine interpretations by Eugenia Mokevanna, Giorgio Zaccaro and Peter Haas. Hans-Jürgen von Bose's Die Leiden des jungen Werthers will have its premiere this week. In the main parts are François Le Roux, Hildegard Hartwig and Albert Dierker. Also offered Zar und Zimmermann.

**Frankfurt**, **Opera**: La Bohème, conducted by Giuseppe Patané, has Giacomo Aragall as Rodolfo, Falstaff as Marcello, John Tomlinson, Susan Quattner and Derek Hammond Stroud in the title role. Don Giovanni brings Helena Dose, Norma Sharp and Alejandro Ramirez together. Le Nozze di Figaro has Tom Fox in the title role, with Anny Schlermer and Wolfgang Schütz. Wagner's Die Walküre, conducted by Walter Meier, Julia Cornwell and Carlo Cossutta. The week also features Madame Butterfly and Don Giovanni.

## BRUSSELS

**Cirque Royal National Opera** with Machet conducted by Michael Schonwandt with Sylvia Sana and Franz Grunhölzl (418 2015).

## ITALY

**Rome**: Teatro dell'Opera: L'Italiana in Algeri with Colombian mezzo soprano Martha Senn in the role of Isabella. Also in the cast are Ruggero Raimondi and Domenico Trimarchi. Jean-Pierre Fouchelle directs, and the opera is conducted by the young Alessandro Siciliani. Giuseppe Patané conducts Macbeth, with Renato Bruson in the title role, and Shirley Verrett as Lady Macbeth in a new production by Giorgio Prosperi with scenery and costumes by Maurizio Balo. (46 17 55).

**Turin**: Teatro Regio: Aida directed by Gianfranco de Bosio and conducted by Nello Santi with Fiorenza Cossotto, Maria Chiara and Veriano Lucchetti. (549 000).

**Bologna**: Teatro Comunale: Luca Ronconi directs Strauss's Capriccio, translated into Italian by Fedele d'Amico. Regina Kabaivanova leads a cast which includes Adelina Scabelli, William Matteucci and Pietro

Ballo, conducted by Ralf Weikert. (329 999).

**Genoa**: Teatro Margherita: Alostia by Geronzi directed by Virginio Puecher and conducted by Daniel Oren, with scenery and costumes by the sculptor Arnaldo Pomodoro. Katia Ricciarelli sings the title role, and the cast includes Maurizio Frusoni, Luca Canonici and Alessandro Corbelli. (589 832).

**Trieste**: Teatro Comunale Giuseppe Verdi: Puccini's Le Villi and Gianni Schicchi, conducted by Tiziano Saverini and directed by Filippo Crivelli. (61 1948).

## NETHERLANDS

**Amsterdam**, **Muziektheater**: The National Ballet with Before Nightfall (Christa/Martina), Like Orpheus (Van Schayk/Strevinsky/Gluck) and a new ballet by Jan Lankens to music by Martinus (Wied, muzine), music by Martinus (Wied, muzine), production of Der Rosenkavalier by Richard Strauss directed by John Cox. Hartmut Hanechen conducting the Rotterdam Philharmonic, with Rachel Yakar, John Tomlinson, Susan Quattner and Derek Hammond Stroud (Thur). (255 455).

## SPAIN

**Barcelona**, **Adriana Lecoultre** with Mirilla Freni, Fiorenza Cossotto, Emmanuelle Mauro, Enrie Serra and Piero di Palma. Orchestre conducted by Roberto Abbado. Gran Teatro del Liceu, Sant Pau 1. (201 67 67) (Mon and Thur).

## VIENNA

**Staatsoper**: Elektra conducted by Hollreiser with Ludwig Reppel, James Simionida, Lotte Kysanek, Idomeneo conducted by Hermann Scherzer with Stuttgart, Württembergisches Staats-theater: Cav and Pag takes the leads Waltraut Meier, Julia Cornwell and Carlo Cossutta. The week also features Madame Butterfly and Don Giovanni.

**Volksoper**: Der Opernball: Das Land des Lächelns conducted by Bodo Die Zauberkiste conducted by Bauer-Theussl; Ein Walzertraum conducted by Schenk (51 444/3557).

## NEW YORK

**Metropolitan Opera** (Opera House): The week features the first seasonal performance of Boris Godunov conducted by James Conlon in August Evening's production with Shella Minerva, Martti Talvela, Paul Plishka and Sergei Koptchak. It joins the repertoire of Carmen conducted by James Levine in Sir Peter Hall's production with Agnes Baltsa, Gabriela Benackova and Samuel Ramey; and Manon conducted by Manuel Rosenthal in Jean-Pierre Ponnelle's production with Catherine Malfitano, Neil Shicoff, David Holloway and Spiro Malles. Lincoln Center (828 6000).

## WASHINGTON

**The Milazzo** (Opera House): The well-received Stratford Ontario production directed by Brian Macdonald has already played the Old Vic and New York. Ends Mar 28. Kennedy Center (254 3770).

Continued on Page 17

# This is your opportunity to reserve a prospectus on the Scandinavian Bank Group

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

POSTCODE \_\_\_\_\_

Send to: Scandinavian Bank Group Flotation Office, 2-6 Cannon Street, London EC4A 3EX.

As you may know, shares in Scandinavian Bank Group plc will soon be available to the public. To assist you in making your decision we are preparing a Prospectus. This will be despatched to you when completed once we have your name and address.

Please fill in this coupon if you wish to reserve a copy. Alternatively you may find it easier to telephone our Flotation Office on 01-236 6090 Ext. 665.

Flotation Office  
01-236 6090  
Ext. 665

**Scandinavian Bank Group plc**

The art of British banking Scandinavian style.

Scandinavian Bank Group plc, Scandinavian House, 2-6 Cannon Street, London EC4A 3EX. Tel: 01-236 6090 Telex: 889093 Fax: 01-248 6612. International Offices: Helsinki, Stockholm, Copenhagen, Oslo, London, Hong Kong, New York, Los Angeles, Madrid, Milan, Munich, Paris, Rome, San Francisco, Singapore, Sydney, Tokyo, Zurich.

ISSUED BY MORGAN GRENFELL & CO. LIMITED ON BEHALF OF SCANDINAVIAN BANK GROUP plc



## 1987 good reasons to see Thailand this year

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have). And never has there been a better year to see Thailand than 1987. For this is Visit Thailand Year in the Land of Smiles.

Among the kaleidoscope of festivities planned for 1987 you should try to catch some of these:

**Feb. 13-15. Chiang Mai Flower Festival.** A million blooms, a thousand smiles. One of the unforgettable moments of your life.

**April 13. Songkran Festival.** A nationwide water festival celebrating the Thai Lunar New Year.

**May 9-10. Bun Bang Fai Festival.** "Bang!" indeed. Held in northeast Thailand, a fireworks show like no other you've ever seen.

**Oct. 16. Royal Barge Procession.** An armada of brilliant colours, pageantry and rare splendour not to be missed.

**Nov. 5. Loy Krathong.** Celebrated nationwide, this is Thailand's loveliest festival.

**Nov. 14-15. The Elephant Round-Up.** Ever seen 100 elephants enact a medieval War Parade? You will if you come to Surin in northeast Thailand for this extraordinary display.

**Nov. 22. Bangkok Marathon.** A major sporting event commemorating His Majesty the King's 60th Birthday Anniversary.

**Dec. 15. Light and Sound Presentation.** A glittering occasion to be held at the Royal Grand Palace and the Temple of the Emerald Buddha.

These are only a small selection of the truly stunning special events that mark 1987 as Visit Thailand Year - a year full of festivities, flowers and fireworks. Make your holiday plans now. And make sure you fly on Thailand's own airline, Thai International. Where the exotic sensations that are Thailand start from the moment you step on board.





## THE ARTS

Cinema/Nigel Andrews

## Cast onto an island of illusion

Castaway directed by Nicolas Roeg  
Coming up Roses directed by  
Stephen Bayly  
Soul Man directed by Steve Miner



Amanda Donohoe and Oliver Reed in "Castaway"

When cast away on a desert island and allowed to take one luxury with you, my advice is to take Nicolas Roeg. The British cinema's ace storyteller who always refuses to do the expected, will keep you enthralled and surprised. In *Castaway* he is at it again. Aided by screenwriter Allan Scott (who scripted Roeg's *Don't Look Now*), he has taken Lucy Irvine's desert island best-seller and broken it into a thousand scintillating pieces with a club-hammer. He has then rearranged them in Roeg movie mosaic as vividly non-conformist as *Performance* or *The Man Who Fell To Earth* or *Eureka*.

I never could finish Miss Irvine's account of her adventures in the South Seas with "G." the man who advised her for a desert island companion, wife, found and married Miss Irvine and then had to suffer through 12 months of her playing hard to get. No, impossible to get. Once on Twin Island, the good lady not only refused the attentions of "G." (alias Gerald Kingland), she then got suspicious with him for lazing around the island not doing things at her own breakneck yuppy pace.

No wonder Roeg has jettisoned most of the book's apparent central concerns: its natural history lessons and guide-to-survival course — in favour of its electrifyingly appalling domestic subplot. For him *Castaway* is 20 years of marriage compressed into one year: a round-the-clock togetherness sentence in which neither partner can escape the other's presence and yet neither partner can fully plumb the other's mysteries. Roeg, the cinematic Freud, throws them onto an island of wonderful beauty, then confounds us by turning off the switch marked serenity and turning on the switches marked illusion and disorientation.

In a world of Roeg-ian tropes, the only constant is itself an illusion. The unvaryingly well-nourished, physiques of Oliver Reed's Gerald and Amanda Donohoe's Lucy — he is a burly beast, she a curvaceous

beauty — become the illusory immutables we all live with in life partnerships, when change is too slow to perceive until it is too late to do anything about. Roeg only pricks the illusion in a few brief hallucinatory flashes, when "doubles" are used to display the reality of crinkled skin and caved-in stomachs.

The movie's triumph is to plunge us, via kaleidoscope storytelling, into new worlds of symbolism and dream. A single, apparently irrational, sequence of shots can have a mischievous and dynamic logic. Gerald's fist thrown in anger against the sky during a quarrel with Lucy; the fist falling out of shot to reveal a fist-like rock in the sea; then the camera diving into the sea and hurtling through its depths, just ahead in its path a giant shark. In a movie shorthand worthy of a Japanese haiku, Roeg gives us here a man's libidinal and aggressive first crystallised in a moment of passion, then thrusts it repressively into his subconscious depths. (The joke on Gerald's male pride is that Lucy's falling line then hooks embedded in the choral fabric of the film, a work of the very same hand, but when hauled on shore it proves to be a modest two-footer.)

For all its imaged density, *Castaway* is never ponderous and often funny. Reed is a Falstaffian presence, splendidly alike in uproar and self-pity. And Donohoe is a plucky toughie clearly capable both of survival and of maintaining the determined double standards of Miss Irvine (a woman who can spend 12 months saying no to her husband and then plaster herself nude over a best-selling book-jacket).

But the real star is Roeg. He has now been 20-odd years in the directing business, long enough to familiarise himself with all the rules and then, like any true artist, to throw them all away. The British cinema should be proud of him.

Deep in a Welsh valley a mad anthropologist, played by the young Michael Gough, is having trouble with his galls and his experiments. "The countless lonely hours I spent in Uganda!" he anguishes to a friend. Then the gorilla comes out from behind a cabinet and strangles the friend.

This old British horror film is all in a day's work for Trevor the projectionist. Or it has been for many years, but now his cinema, the Rex, is about to join the death row of Welsh

movie palaces glimpsed crumbling, condemned or Bingo-ised behind the credit titles in Stephen Bayly's *Coming Up Roses*. A Welsh-style Last Picture Show (with subtitles), Bayly's engaging comedy rhymes the decline of the picture palace era with the general crisis of morale in the unemployment-ridden mining valleys.

Trevor (Dafydd Hywel) is a mountain, walrus-like Welshman whose moustache twitches in joy only when he takes supreme command, each matinee and evening, in his projection room. Threatened with career closure, he scurries together an initiative for holding the property speculators at bay. The usherette (Iola Gregory) also rallies round, followed by a small army of friends and soon plans start "mushrooming" as an illicit market gardening scheme takes over the stalls and circle, behind the Rex's padlocked doors.

The film is funny without being whimsical. Bayly and screenwriter Ruth Carter mine a rich vein of comedy-of-chagrin: the little old lady who keeps stopping at the Rex to use the loo, the landlord's son whose nightly drum practice shakes Trevor's bedroom wall. And in a land where coalminers are

closing more momentarily than cinemas, few will miss the rural irony in a bootleg mushroom-farming scheme which has the hero and his fellow conspirators walking around the darkened cinema with miners' lamps tending the rows of bucketed fungi.

The entire cast of characters in *Soul Man* would be improved by a spot of mushroom-farming in a Welsh valley. Californian teenager C. Thomas Howell can only pay his way through Harvard Law School by winning a special scholarship for black students. So he dons blackface and an Afro wig. Soon chordee some complications arise. He falls in love with a black student (Rae Dawn Chong) and wins the respect of a black professor (James Earl Jones), while all the while realising that he must eventually disabuse them. There are funny moments, especially when his parents turn up and are aghast at the colour change. But one walks in fear and apprehension that a moral lesson about what-it-like-to-be-black-in-a-white-society is just around the corner. (It is.) And one is deeply sceptical that anyone could take Ray Charles for a black anyway. He tends more to resemble Elliott Gould after an accident in a coal cellar.

## Who's Afraid of Virginia Woolf?/Young Vic

Martin Hoyle

Edward Albee's preying mantises are back, mating and devouring at the Young Vic. Shelagh Kegan's set in the round provides us with a gladiatorial arena in which those about to die salute us with wit, venom and a vulnerable humanity. David Thacker's production is robust rather than subtle: in this limited space he could have shaded pauses and reactions more finely; but the superbly funny piece skates exquisitely over the pain, complexity and terrible mystery of how to survive relationships too close to bear, too intimate to break. For two acts this is a great play.

The third act stands out ever more clearly as an uneasy resolution to the tangle woven in the alcoholic hours by the dissonant chamber quartet. The style is more formal, the utterances verge on the banal. "I cry all the time," admits monstrous Martha; "but deep inside where none can see." Together with her confession that vilified George, her despised husband, is the only man who has ever made her happy, the statement belongs to a more conventional play. And if J. M. Barrie had been a visiting campus professor, one feels, he might well have preferred the fantasy of freezing tears in the ice-tray and putting them in the drinks to that of a fairy being born every time a baby laughs.

That ultimate revelation, and destruction, of George and Martha's dream-child, their fantasy son, skirting melodrama as it does, can prompt a director to opt for either the cathartic or the cyclical ultimate curtain. Do these Peter Pans grow up? Has contact really been established? Or (as in the more disturbing productions) will the whole elaborate game, with its unwritten rules and in-fighting, begin all over again? Here we have a more or less happy ending as Patrick Stewart's George grows marvellously in tenderness and Billie Whitelaw's Martha is a sobbing child longing for comfort.

Both players are at their finest here. Miss Whitelaw finds her best form for the lyrical invocation of the ideal childhood that never was. Elsewhere her Martha must be accounted a gallant attempt. Aware that she lacks the sheer bulk of gin-

swigging middle age, the actress speaks with a hollow boom that merely sounds boyish. Slim, attractive and patently intelligent, there is nothing of the physical grossness that the character should at least hint at. The only vulgarity in this Martha is in the accent that occasionally takes on a Brooklyn twang.

Conversely Mr Stewart is no shambling pedant with a deadly line in dry throwaway. He is more openly aggressive than quietly devastatingly ironic; and reaches a peak of moving honesty in the Act 2 dialogue with his wife where the sheer despair at an apparently irredeemable relationship rings with honesty and anguish.

As George points out, those who cannot bear the present either contemplate the past or try to change the future; Mr Stewart makes the third course, escape up the cul de sac of fantasy, almost tragic.

The hapless guests caught up in this emotional *huis clos* are Saskia Reeves (Honey) and Matthew Marsh, horribly convincing as Nick, the career-minded übermensch. At over three and a half hours the evening is long, but for most of the time hilarious and chilling. "You've gotta have swine to show you where the truffles are," right enough. The truffles are still rich, and the swine have a good nose for pearls as well.



Billie Whitelaw and Matthew Marsh

## Consort of Musick/Wigmore Hall

Richard Fairman

The Italian composer Carlo Gesualdo is not the splendid isolationist he is often made out to be. Throughout Italy, in particular, a number of composers wrote in a similar chromatic style and their music spread by way of the courts in the north to Copenhagen, Hamburg and London. Some part-books of Gesualdo were brought in a chest to London by no less a person than John Milton.

A complex web of influences between schools of composing can be spun. In making up a programme for the Consort of Musick's recital at the Wigmore Hall on Wednesday, their director Anthony Rooley said he enjoyed himself immensely. It is easy to see why: the extravagances of this music, its harmonic daring, its bizarre

picturesque effects, all combine to provide a programme planner's delight.

A key point in Rooley's selection was to put different settings of the same texts side by side. Nenna and Gesualdo both set the text "Merce grido piangendo," but with what a difference: in the Nenna, the music sets its most striking turns of harmony against a standard, diatonic background, but Gesualdo draws us into unknown territory where no chord or clash of notes any longer seems safe.

The last line of that madrigal — "To more singles with dangerous, sensuous pleasure. Emma Kirkby gave it a delicious downward portamento that sealed the carefully-judged emotive appeal of the Consort

of Musick's singing. The present combination of voices in this group may not be equal in quality, but with Kirkby at her most radiantly pure on top and Alan Ewing providing a warm, cultivated bass line, the important outer lines are well held.

The programme certainly showed the group's versatility. They have the agility for Gesualdo's "Fian piano" and brought a fine, passionate thrust to "If Heaven's just Wrath" by John Ward, digging into the extraordinary chromatic dissonances that mark the most emotive phrases. As a small extra, Anthony Rooley added a couple of lute solos by Huwett and Dowland, just as much a culmination of the chromatic style in their own way.

## Xenakis &amp; Ligeti/Festival Hall

Max Loppert

Of Iannis Xenakis' prodigious output there remains much music, new and recent, not yet heard in this country. But lately there seems to be a determined effort on the part of various London bodies to clear the backlog — and as usual in such movements, the BBC is taking a significant role. The British premiere on Wednesday of *Nekia* (1981) by the BBC Symphony Orchestra and Singers under Peter Eötvös introduced us to a substantial sample of the composer's recent manner — big, highly coloured, with taking simplicities of gesture and sound-attention to capture the attention.

*Nekia* is the 11th book of the *Odyssée*. The title is apparently borrowed to denote not specific content but an imaginative range, for Xenakis' sound world is defined in bold, highly formalised and assorted patterns that add up (in the words of Paul Griffiths' programme note) to a "26 minute Book of the Dead" (a half-hour on Wednesday, actually). Poetic quotations from François Xenakis and Jean-Paul Richter, embedded in the choral fabric, touch on processes of death and decay amid the working of natural forces.

The cleanly severe solemnity and high, antique colour of the various musical sections (such as the opening announcement, a quasi-modal melody sharply incised) call up appropriate associations. On another level, however, *Nekia* can be heard to function as a brilliantly effective concerto for orchestra and chorus, with profuse varieties and combinations of instruments and voices, with dramatic contrast of registers and timbres. It has struck me before, and it struck me once again on Wednesday, that the most remarkable feature of so much Xenakis is its complexity of manufacture and its super-

clarity of impact: surface is all, and immediately appreciable.

In the second choral item of a stimulating, well-prepared, confidently turned (and, I attended) concert, the BBC Singers were joined by their larger counterpart, the BBC Symphony Chorus, and by Sarah Leonard and Sarah Walker as exquisitely accurate soloists. Ligeti's Requiem, a work of the mid-60s that badly needed revival, emerged in full dress as a quintessential expression of the composer's world-view — manic, gripping, absurd, and to function as a brilliantly effective concerto for orchestra and chorus, with profuse varieties and combinations of instruments and voices, with dramatic contrast of registers and timbres. It has struck me before, and it struck me once again on Wednesday, that the most remarkable feature of so much Xenakis is its complexity of manufacture and its super-

clarity of impact: surface is all, and immediately appreciable.

In the second choral item of a stimulating, well-prepared, confidently turned (and, I attended) concert, the BBC Singers were joined by their larger counterpart, the BBC Symphony Chorus, and by Sarah Leonard and Sarah Walker as exquisitely accurate soloists. Ligeti's Requiem, a work of the mid-60s that badly needed revival, emerged in full dress as a quintessential expression of the composer's world-view — manic, gripping, absurd, and to function as a brilliantly effective concerto for orchestra and chorus, with profuse varieties and combinations of instruments and voices, with dramatic contrast of registers and timbres. It has struck me before, and it struck me once again on Wednesday, that the most remarkable feature of so much Xenakis is its complexity of manufacture and its super-

clarity of impact: surface is all, and immediately appreciable.

In the second choral item of a stimulating, well-prepared, confidently turned (and, I attended) concert, the BBC Singers were joined by their larger counterpart, the BBC Symphony Chorus, and by Sarah Leonard and Sarah Walker as exquisitely accurate soloists. Ligeti's Requiem, a work of the mid-60s that badly needed revival, emerged in full dress as a quintessential expression of the composer's world-view — manic, gripping, absurd, and to function as a brilliantly effective concerto for orchestra and chorus, with profuse varieties and combinations of instruments and voices, with dramatic contrast of registers and timbres. It has struck me before, and it struck me once again on Wednesday, that the most remarkable feature of so much Xenakis is its complexity of manufacture and its super-

## Samul Nori/Logan Hall

David Murray

Samul Nori is one of the more exotic offerings on the Contemporary Music Network, for which the group is billed — with perfect reticence — as "Korean Master Drummers". They also dance, acrobatically. Though the programme-book offers detailed notes by a social anthropologist, this isn't a plain ethnic exercise, but a sharp professional show, at least as much contemporary as folkish.

There are four drummers, some of the most of the most, each belabouring a different instrument: there is a vicious little gong called a *kkwaenggwari* (the name was said to be onomatopoeic, but I wasn't sure about that), a larger solemn one, a hefty four-gong drum and a basic barrel drum. In the first half an involution-piece is succeeded by a virtuosic hullahaloo for four hourglass drums, and then — with the mixed battery again —

a still more elaborate sequence with chanting. In the second there is dancing throughout. They whirl like dervishes, and though their hands are busy with their instruments, they somehow control long streamers from their hats, cutting the air with Oriental curves.

Although Samul Nori starts from traditional rhythmic patterns, some of them quite complex already, what develops from them clearly goes far beyond anything likely to be heard in a Korean village. The precision and unanimity of the playing, as different cycles and tricks of syncopation follow in profusion, is exciting, and as the noise level rises the music takes on a palpable weight and density of its own — as if the players are merely assisting it. It becomes very loud indeed, but it's clean, vital noise; no amplification, no electronic buzz. Quite a tonic, and *sui generis*.

## Shakespeare at the Old Vic

The English Shakespeare Company, formed last year by Michael Bogdanov and Michael Patterson, is to bring *Henry IV*, parts 1 and 2 and *Henry V* to the Old Vic for a seven-week season from March 16.

Michael Bogdanov directs all three plays.

## Saleroom/Antony Thorncroft

## Constable draws record

As expected Sotheby's sale of the drawings and watercolours collected by the late Sir John Constable, 1818 sketch by East Bergholt Church in Suffolk which also depicts the tomb of his parents.

The only disappointment was Thomas Girtin's view of Hereford Cathedral which was bought in at £14,000: it was rather faded. Another London dealer, Anthony Reed, paid £37,400 for a Constable drawing of the view of Glamara in Borrowdale, captured in 1806.

A Burne-Jones drawing, "Chant d'amour," depicting an Arthurian knight gazing longingly at a maiden playing the virginals, of which the final version, in oils, is in the New York Met, was bought by another London dealer, Julian Hartnoll, for £26,400, rather disappointingly on tax: it is regarded as one of the finest Pre-Raphaelite drawings to have appeared on the market for some time.

A private British collector, bidding on the phone, acquired a watercolour by William Henry Hunt of a pretty young girl reading a letter by candlelight for £25,300, as against the

£5,000 top estimate. It was a record for Hunt, whose work was much appreciated by Sir John. The drawing was the work of the artist, the same buyer paid £15,400 for a distant view of the old castle at Corfu by Edward Lear.

A New York dealer, D. Newman, bid £25,300 for a Gainsborough wooded landscape with herdsman and a cow, which Sir John bought for 20 shillings when an undergraduate at Oxford 60 years ago. Most of this superb collection, amassed when watercolours and drawings were an under-appreciated and under-researched sector, did very well. In recognition of Sir John's contribution to the arts the National Arts Collection Fund paid £2,970, bidding through Leggett, for a grey wash overpencil by John Sell Cotman of the tower of Arkinlow which will be presented to the Courtauld Institute as a memorial. It was Sir John's father, Sir Robert, who left 125 untraced photographic library of European pictures to the Courtauld.

Among the Old Masters in the afternoon session "The Annunciation" by Titian sold, on target, for £6,380 while the head of a horse by Francesco Salviati exceeded its estimate fivefold, making £3,960. A Parisian drawing of the head of a youth more than doubled its estimate at £19,800.

## Bellini for Oxford

A painting by the 15th century Italian artist Bellini of the Madonna and Child, which had belonged to the late Lord Clark, has been acquired by the Ashmolean Museum in Oxford under the in lieu of tax formula. The saving is put at £725,000.

The Ashmolean had been bequeathed the painting in Lord Clark's will but he failed

to make any provision for death taxes, and, as a result, his heirs were under some burden. The Ashmolean persuaded the Treasury that it would waive its claim to the picture, enabling it to be put up by the beneficiaries of Lord Clark for sale to the nation under the "in lieu" provisions. It was accepted and has been put out on loan — to the Ashmolean.

## Arts Week

Continued from Page 16

## Music

## VIENNA

Franz Schubert Quartet. Haydn, Uhl, Brahms. Musikverein Brahms Saal (Mon).

Elizabeth Leonska, piano. Schumann, Schubert, Chopin. Musikverein (Tue).

Vienna Symphony Orchestra conducted by Dmitri Khatzkeu with Vladimir Kravtchenko, piano. Shostakovich, Prokofiev, Tchaikovsky. Musikverein (Wed and Thur).

David Owen Morris, piano. Bax, Poulenc, Tippett. Boesendorfer Saal (Sat 8.30) (Wed).

ORF (State Broadcasting) Symphony Orchestra conducted by Zdenek Koželar. Dvorak, Suk, Martinu. Konzerthaus (7.12.11) (Thur).

## NETHERLANDS

Amsterdam. Concertgebouw. The Netherlands Philharmonic conducted by Thomas Sanderling with Nelly Siniolkova, violin. Beethoven, Shostakovich, Shostakovich (Tue). Charles Dutoit conducting the Concertgebouw Orchestra, with vocalists and choir: Berlioz (Wed, Thur). Recital Hall: The Raphael Quartet. Dutch chamber music (Mon). Michael Puoti, piano. Robert Zimansky, violin, and Jan Polasek, cello: Haydn, Saint-Saëns, Tchaikovsky (Wed, Thu) (8.30.45).

Rotterdam. Doelen. The Netherlands Philharmonic Chamber Ensemble under Levan Parkasyi, violin, with Matthias Maurer, viola: Mozart, Barber, Haydn, Beethoven (Mon). Vladimir Spivakov, violin: Mozart, Shostakovich, Tchaikovsky (Tue). Recital Hall: Quatuor Via Nova: Mozart, Ligeti, Brahms (Tue). Robert Holl, bass, accompanied by Oleg

## Malsenber: Schubert (Wed)

(4.14.20.11).

Utrecht. Vredenburg. The Netherlands Philharmonic conducted by Thomas Sanderling with Nelly Siniolkova, violin. Beethoven, Shostakovich (Mon). The Radio Symphony Orchestra conducted by Lior Sham-badal with Hugh Timney, piano: Mahler, Mozart, Berlioz (Thur). (3.14.44).

Heilbronn. Schönbach. Charles Dutoit conducting the Concertgebouw Orchestra, with vocalists and choir: Roussel, Berlioz (Mon). (7.14.47).

Nijmegen. Vredenburg. The Netherlands Radio Society and soloists conducted by Jos van Veldhoven: Teleman (22.11.00).

Groningen. Oostpoort. Viktor Liberman, violin, and Alexander Waremberg, piano: Beethoven (Thur). (13.10.44).

## PARIS

Radolf Skerka recital (Mon). Salle Pleyel (4.50.70.58).

Ensemble Orchestral de Paris conducted by Jean-Pierre Walley, Maurice André, trumpet: Handel, Vivaldi, Bach (Tue). Salle Pleyel (4.50.70.58).

Acoustical Cycle: DNA, musical research group (Tue, Wed), both at 8.30 pm and 8.30 pm at Radio France, auditorium 105, Free (4.50.70.58).

Jan Elvén (Wed) 8.30 pm Radio France, auditorium 105, Free (4.50.70.58).

Orchestre de Paris conducted by Daniel Barenboim, Isaac Stern, violin: Dutilleul, Schubert (Wed, Thur). Salle Pleyel (4.50.70.58).

## LONDON

London Philharmonic and London Philharmonic Choir conducted by Jesus Lopez-Cobos with Peter Donohoe, piano. Beethoven. Royal Festival Hall (Mon). (8.28.31.11).

London Mozart Players directed by Takayoshi Watanabe, violin. Vivaldi,

## Bach and Mozart. Queen Elizabeth Hall (Mon)

(28.3.1987).

Philharmonia Orchestra conducted by Janos Furst with Alfred Brendel, piano. Mozart, Haydn and Liszt. Royal Festival Hall (Tue).

BBC Symphony Orchestra conducted by Grant Llewellyn and Andrzej Panufnik. Mozart, Beethoven and Panufnik. Royal Festival Hall (Thur). (3.14.44).

## NEW YORK

Carnegie Hall. Salzburg Music Festival. The Netherlands Philharmonic conducted by Janos Furst with Alfred Brendel, piano. Mozart, Haydn and Liszt. Royal Festival Hall (Tue).

BBC Symphony Orchestra conducted by Grant Llewellyn and Andrzej Panufnik. Mozart, Beethoven and Panufnik. Royal Festival Hall (Thur). (3.14.44).

Chamber Music Society of Lincoln Center (Alice Tully): Charles Wadsworth artistic director, Colin Carr, cello. Singaglia, Faure, Dvorak, Beethoven (Mon, Tue). Lincoln Center (3.14.44).

Julian String Quartet (Karlmann Hall): Julian String Quartet artistic director, Rudolf Firkušny piano, Mozart, Schumann, Janacek (Tue, Wed). 1395 Lexington Av (8.30.03).

Merkin Hall (Goodman House): Columbia Brass, Susana, Puz, Bach, Dahl, Previn, Grainger/arr. Price (world premiere), Foray, Glenn Lieberman (world premiere) (Mon). Group for Contemporary Music. Judith Bessie soprano, Tobias Picker piano with Times Square Ballet. Rabbitt Pier Plicker (world premiere), Debussy, Olia, Dattapiccola (Tue). New York Philharmonic. Robert Johnson artistic director. Mozart, D'Piny, Schubert (Wed); Peter Anstötz, piano recital. Schubert, Steve Nash, Chopin, Ravel, Byrd, Debussy, Beethoven (Thur). 67th w. of Broadway (3.14.71.08).

New York Philharmonic (Avery Fisher Hall): Maxim Shostakovich conducting, Mstislav Rostropovich cello. Fedorovskii, Haydn, Dattapiccola

## (Tue) Leonard Slatkin conducting

Philip Meyers horn. Beethoven, Mahler, Gordon, Jacob, Shostakovich (Thur). Lincoln Center (3.14.24.24).

## WASHINGTON

National Symphony (Concert Hall). Christopher Hogwood conducting. William Steek violin. All-Mozart programme (Tue). Kennedy Center (2.27.11.07).

Kennedy Center (Terrace): All-Robert Erickson programme (Wed). Kennedy Center (2.24.08.05).

## CHICAGO

Chicago Symphony (Orchestra Hall). Michael Tilson Thomas conducting. Garrick Olson piano. Wagner, Wagner, Bartok (Thur). (4.50.11.11).

## ITALY

Milan: Teatro Alla Scala: Eugen Jochum conducting Mozart and Beethoven (Mon) (8.31.26).

Rome: Teatro Olimpico (Piazza Gesù). Carlo Cazzola (piano and harpsichord). Bach, Handel, Mozart and Prokofiev (Wed) (3.33.34).

Rome: Teatro Chiniere (Via Della Fornaci, 37) John Katsikis, piano, Bach, Beethoven and Chopin (Thur) (3.37.29.4).

Rome: The British School at Rome (Via Antica). Roberto Benzi artistic director. In Chamberconcerto (formed of students from the conservatory of Santa Cecilia). Vivaldi, Mozart, Stamitz and Koussevitzky (Tue) (7.34.24).

Rome: Oratorio del Gonfalone (Via del Gonfalone 22/A). Virtuoso Ritratto singing early church music (13th to 18th century) (Thur) (8.75.52.2).

Rome: Auditorium in via Della Conciliazione: Franco Mannino conducting the Santa Cecilia orchestra. Scarlatti/Shostakovich, Mannheim and Beethoven (Mon and Tue) (3.4.10.44).

## FINANCIAL TIMES Special Subscription Hand Delivery Service

Subscribe to the Financial Times and you can receive your copy specially hand delivered to your address if you are located in the business centres of the following cities:

ZURICH · GENEVA · BASEL  
BERN · LAUSANNE · ZUG  
LUGANO · LUZERN · BAAR

For more information about subscribing to the Financial Times or to check the availability of the hand delivery service in your area, call Peter Lancaster on (022) 311604 or write to him at: Financial Times (Switzerland) Ltd., 15 rue du Candrier, 1201 Geneva, Tel: 22589



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
 Telegrams: Finantimo, London PS4. Telex: 8954871  
 Telephone: 01-248 8000

Friday February 20 1987

## Brazil falls to populism

BRAZIL APPEARS to be on the brink of announcing a three-month delay on debt repayments. A message of "can't pay now" to foreign bankers would be likely to be accompanied by austerity measures at home designed to curb the worst inflation in Brazil's recent history.

If Brazil does take unilateral action on debt service, the ramifications could be far-reaching. Officials are only too aware that the IMF-sponsored rescue package for Mexico is still not seen as a model to follow. The IMF is still not seen as a model to follow. The IMF is still not seen as a model to follow.

A repayments crisis has been brewing in Brazil since the autumn of 1986 when it became clear that the "Cruzado" economic adjustment plan had gone badly wrong. The Sarney Government's mistake was to put politics ahead of economics and attempt to maintain an artificial price freeze for too long. With wages rising, demand and consumption rose sharply, quickly eroding Brazil's trade surplus which until last August was running at a healthy monthly rate of \$1bn. Brazil needs a monthly surplus of at least \$800m in order to service its \$108bn foreign debt; since October, it has been generating a monthly surplus of between \$180m and \$210m — not nearly enough.

## Small changes

The latest crisis appears to put in jeopardy the breathing space Brazil won at last month's Paris Club talks. Against the odds, Mr Dilsen Fumero, the finance minister, managed to persuade Brazil's sovereign debtors to agree a partial rescheduling of debts despite the absence of an IMF austerity programme. Mr Fumero's brinkmanship paid off mainly because Mr James Baker, US Treasury Secretary, became convinced that Brazil must be supported in the short run. However, the rescheduling of 1987 sovereign

debt was agreed on the assumption that all arrears would be cleared by June—something which now looks impossible. Brazil is undoubtedly facing a chronic liquidity problem but it would be wrong to overstate the magnitude of its economic difficulties. The country has abundant natural resources and a vigorous diversified industrial base. The external sector is comparatively small in relation to the domestic economy; this means that quite small changes in consumption can have a big impact on imports and the trade balance. If President Sarney were willing and able to cut the public sector deficit and reduce real wages moderately, the \$1bn trade surpluses would probably reappear as quickly as they vanished last year.

## Domestic consumption

At the same time, the present financing gap—put conservatively at \$3bn to \$4bn—could be plugged much more easily if only the Sarney Government would seek a formal agreement with the IMF. Several senior politicians are privately willing to back a return to the IMF, which has a new managing director, Mr Fumero, however, is a stumbling block: his past denunciations of the IMF were so vigorous that he would lose all credibility if he now went cap in hand to the IMF. The IMF's last week of Mr Fumero Bracher, the central bank governor, was not an encouraging sign—he had argued in favour of the IMF's return.

Brazil's internal and external problems are thus solvable, and potentially so without a fairly radical restructuring in Brasília who know what needs to be done. The question is merely whether Mr Sarney, an unelected president seeking legitimacy through populist appeal, will take sufficient and realistic steps at home to rescue the Brazilian economy. Creditors will have to wait and see—and in the meantime appreciate that much of the Sarney Government's unhelpful rhetoric is designed to mislead for domestic consumption.

## The reshaping of Rover

THE SALE of the Rover Group's truck and van operations to a joint venture controlled by Daimler-Benz and Leyland is probably the least bad solution for a business which is unsustainable in its present form. As Mr Paul Channon, Trade and Industry Secretary, pointed out in the House of Commons yesterday, the Leyland truck operation has been losing some £1.5m a week; there is no hope of securing a viable future except as part of a larger group. The deal with Daimler-Benz is preferable to the projected sale to General Motors, which was blocked on grounds of competition last year. Although Daimler-Benz's financial resources are tiny compared with those of GM, it does have a solid position in the European heavy truck market; a specialist, fully committed producer may have a better chance of surviving in this industry than the subsidiary of a huge, diversified corporation.

The joint venture with Daimler-Benz is designed to address two fundamental problems which have been apparent ever since the creation of British Leyland in 1968—the lack of a marketing presence on the Continent and the lack of economies of scale. Traditionally, Leyland's heavy trucks, and the lighter vehicles which came in after the merger with British Motor Corporation, have been exported mainly to developing countries. The collapse of these markets, coinciding with a severe recession in the UK, made the absence of a strong, Europe-wide sales network all the more glaring.

## Only options

As volumes dropped, Leyland's ability to finance the development of new facilities and products, especially key components such as engines, was undermined. There is obviously a limit to how far a defensive strategy, based on buying components from outside suppliers and running down the company's own engineering resources, can go. Although the Daimler-Benz combination will be substantially smaller than the European leaders, notably Daimler-Benz and Volvo, the Dutch company provides a strong sales and service organisation on the Continent and the opportunity of spreading

## Honda link

As in the case of trucks, Rover needs access to a wider market and bigger economies of scale. The launch of the Sterling in the US and the improvement in sales on the Continent are encouraging developments. The collaboration with Honda, still not consolidated, as desirably as it should be, by an equity link, helps to offset the disadvantages which stem from Rover's relatively low volume. But the company remains awkwardly placed in the no man's land between up-market rivals such as BMW and Volvo and mass producers like Ford and Fiat.

The company may be able to exploit the Rover name (as long as it is matched by the quality of the product) as a way of gradually moving its larger models in the BMW/Volvo direction and hence into a higher price range. The revival of Austin Rover is a considerable marketing and engineering challenge, but not an impossible one. The Government is right to give the present management a chance of meeting it.

## In an uneasy peace after recent student revolts, David Housego finds that the French university system is still under great strain

A COMBINATION of escalating numbers of students, their increasingly volatile mood and government inertia has brought French universities to an explosive point. Two phenomena have intensified the universities' perennial problems of satisfying heavy demand for places while balancing the books. Last year's student demonstrations against the right-wing Government's proposals for university reform revealed deepening student opposition to limiting entry by selection. At a time of high unemployment, students are adamant that post-secondary education should remain open to all who have a school leaving certificate (baccalauréat); indeed, they reacted to the threat of exclusion from university courses as if they were being robbed of the passport to a job.

Second, there is growing political pressure in France to increase the numbers in higher education. In the belief that more training—as in Japan—will provide a key to improving long-term economic performance, the Socialists have talked of doubling the number of university students to about 2m by the year 2000. The present Government of Prime Minister Jacques Chirac, is more cautious, but the trend is in the same direction.

The universities are in no position to cope with such an expansion. France already has 28 per cent of its population in university age in higher education, compared with 14 per cent in Britain. Student numbers have doubled over the past 20 years to about 1m. Spending on buildings, equipment and staff has not kept pace. "Working conditions for first cycle (undergraduate) students are no longer tolerable," says Mr Raymond Barre, the former Prime Minister.

In December, students—supported by secondary school pupils—made a successful stand (temporarily at least) on open access to universities and an equal chance for all. They rejected all three main points of the proposed Devaquet law which sparked the unrest. These were to increase university admission charges from FF4 400 to FF8 800 (£150), to allow universities to select students, and to introduce a national diploma differentiating between individual institutions to make them more competitive—students feared that qualifications from some universities would be devalued. The man behind this plan, Mr Alain Devaquet, has since resigned as Minister for Higher Education.

The demonstrations—in which one student died and others were seriously injured—have made it more difficult for the universities to find solutions to their problems. They risk alienating student protest as they seek to increase income by raising admission fees or to reduce overcrowding through selecting students by testing their aptitude.

Mr Chirac, who withdrew the

legislation in the heat of the disturbances, promised a national consultation to see how reforms could be brought in. But Mr Jacques Valade, the new Minister for Higher Education, made clear to university presidents at a recent meeting that no substantial decisions are possible until the French presidential elections are out of the way in May 1988.

The problems of French universities are a legacy of recent history. After the student upheavals of May 1968, the Government conceded that access to universities should remain open to all students acquiring the baccalauréat despite knowing the system could not cope.

Mr Edgar Faure, then Minister of Education, judged the right size for a university to be about 10,000 students. However, the problem of how to deal with the growing demand for places was never tackled. As numbers exploded, some campuses in Paris, which absorb a third of university students, came to accommodate more than 35,000.

Another historical aggravation is that French universities

## The problem of how to deal with the demand for places was never tackled

have always allocated a much larger part of their budgets to research than the British. The French priority on research is revealed in the 13,000-plus full-time research workers which that country supports in institutions of higher education, compared with 3,000 in Britain.

By contrast, Britain takes more care of its students—over 100,000 in total—than France, which has about 600,000 in higher education, half France's total; however, according to Mr Andre Staropoli, secretary-general of a committee which evaluates French universities' performance, the two countries spend roughly the same on higher education and research.

It is on the quality of their research work—and above all fundamental research—that French universities pride them-



University student numbers

## No longer any room for equality

They place less emphasis than their British counterparts on applied work in co-operation with industry. Universities like Strasbourg 1 with its internationally known maths, computer and physics departments, or Aix-Marseille 3 with its reputation in chemistry and new materials, believe that they have the research teams, funds and equipment to hold their head high with the best in the US or West Germany.

The research priority is reinforced by the close association that French universities have with the government supported Centre National de la Recherche Scientifique (CNRS), France's large and relatively well funded research organisation. Research teams work together and exchange teachers and researchers. Two-thirds of the laboratories at Aix-Marseille 3, for instance, have contracts with the CNRS.

Research is also the area in which universities win prestige over the *Grandes Ecoles*, which have until recently kept out of this discipline. But, research aside, the weakness of French universities—their Achilles heel, as one official puts it—is the overcrowding and heavy drop-out rate during the first two years of undergraduate training. Universities are bound to accept students with the baccalauréat, unless they can persuade the ministry that physically they have no place. Some, like Paris IX (Dauphine), openly flout the law and select their students on the basis of baccalauréat results and some further interviews or tests. Medical faculties also select because their facilities are limited.

But at most universities students are accepted on the

basis of first-come-first-served for the courses they prefer. Hence the all-night queues outside Paris universities in the summer.

Students arrive from the high-pressure teaching system of the lycées to find themselves facing unknown lecturers in amphitheatres—in Paris these can accommodate 2,000. They also get two periods a week of supervised instruction in classes of up to 45. Mr Staropoli says the standard of students varies enormously. "It is like putting together 200 metre sprinters with long distance runners." By the end of the first year a quarter have dropped out, rising to 50 per cent in some arts faculties.

Some universities are more able to cushion the brutal transition from the lycées. Aix-Marseille 3, with its campus just outside Aix-en-Provence, is a small (15,000) university pleasantly set and with a high academic reputation.

By contrast Mr Jean-Jacques Fol, President of Paris VII (Jussieu)—its students were in the vanguard of the unrest—concedes that first cycle students are "badly looked after." Built in the 1960s, around a tower block on the Left Bank, Jussieu has 50,000 students working on a campus shared with a neighbouring university. Mr Fol takes you to the window and points to the rusting metal structures. "We do not even have the funds to get the windows cleaned," he says, adding that the buildings are "deteriorating more and more rapidly."

Both the Government and the universities have tried to improve the first cycle. Some have instituted two-year vocational courses drawing on the success of the *Instituts Universitaires de*

Technologie (UIT) or technical training institutes. Others have introduced orientation programmes, a wider two-year syllabus and "catch-up" courses for those who need them.

But they are costly to run and Mr Lucien Capella president of Aix-Marseille 3, says that giving these courses does not forward a teacher's career, which is judged on research work.

If admission to a French university is open, entry to the second cycle—normally the third and fourth year of university training—is on the basis of

conditions in which many of them work, the most pressing need for the universities is more funds. It is one of the rare points on which the right hands with UNEF-ID, the left-wing student union which was one of the leaders of the strike.

Instead of large and controversial reforms, many academics believe that the universities could best move forward with a piecemeal, commonsense approach. This would put the emphasis on developing a wider range of vocational and general courses in the first cycle.

A more radical proposal to rationalise resources and save funds would be to amalgamate the CNRS with the universities and to demand that research workers do more teaching. There is even a suggestion that teaching universities—detached from research—should be established for first cycle students.

But the nettle that neither politicians nor administrators are willing to grasp is whether, under the pressure of numbers, France will have to move to a more openly selective system. "The heart of the problem," says Mr Yves Durand, the Prime Minister's adviser on education, "is whether the universities should provide an education for a whole age group of whether these institutions should be reserved for those who have passed a certain number of tests."

No French government has yet fully faced up to that question and to what it means in terms of costs and types of institution. Nor will it be the agenda while France is administered under a system of cohabitation that leaves executive power divided between a Socialist President and a right-wing Prime Minister.

## The Achilles heel is overcrowding and a heavy drop-out rate in the first two years

selection and examinations get progressively tougher through those two years. On average, only 25 per cent of students stay the course to a master's degree at the end of the fourth year. But this qualification is probably more suited to a teaching career than one in business or the civil service. To offset this and raise standards, many universities provide more specialist or career-orientated two or three year second cycle courses, leading to diplomas or master's degrees. Sometimes they are financed in partnership with the private sector. Entry in highly selective with a view to matching the standards of the *Grandes Ecoles*. With student numbers still growing and the demonstrations bringing into the open the poor

## Light at the end of the tunnel

Phones in the boardrooms of some of Britain's most well known companies have hardly ceased ringing this week as inquisitive journalists have been trying to track down the next British joint chairman of Eurotunnel, the troubled Anglo-French Channel tunnel consortium.

By yesterday morning, all the endeavours had produced was a long list of people who are not going to be the new chairman. I now know that it is not going to be Sir John Nott, chairman of Lazard Brothers and a former Cabinet Minister (a good guess, I thought). Nor, it seems, is Sir Alastair Frame, chairman of Rio Tinto-Zinc, and already a Eurotunnel board member, about to step up into the top job.

It is not only the Financial Times that has been ringing round to check on the latest rumour and speculation. A colleague ringing BP oil group on a different matter was told before he could post a question: "I'm sorry you're too late. I've just put the phone down on one of your rivals and



"Sorry I'm late tulip—I couldn't get my finger out of the dyke"

## Men and Matters

I can tell you that Sir Peter Walters (BP's chairman) is not going to be the new Eurotunnel chairman.

Over at a thrash being given by Trafalgar House, the buzz was that the new man (it is definitely not a woman) was going to be Cecil Parkinson. I am afraid not: Eurotunnel has said that none of the people speculated about so far, including Cecil Parkinson, will be the new British chairman.

So that also rules out Michael Heseltine and Sir Michael Edwards, unless the consortium is putting up a smoke-screen. Sir John Harvey-Jones, retiring chairman of ICI, and Sir Jeffrey Stern, chairman of P&O, have ruled themselves out after receiving informal approaches from Eurotunnel.

## Paris bound

Rumour has it that the genial Ewen Ferguson, named yesterday as Britain's new ambassador to Paris—a post that usually carries a knighthood, at least—does not care for titles.

But the former Scottish rugby player was suitably diplomatic on the subject. "I have not got a knighthood because I have not been awarded one," he said.

ambassador to Paris who was not a knight or a lord.

Ferguson, a former ambassador to South Africa, is now the senior FO official dealing with the Middle East and Africa. Six feet three inches in height, he played for Scotland as a second row forward in five matches in 1954. Scotland lost them all, including one to the French.

Sir John Fretwell, the current ambassador to Paris, is returning to London to take over as director of political affairs at the FO. Derek Thomas, who holds that post at present, will, I gather, be Britain's next man in Rome.

## Initial count

I predict some confusion as people in high-tech industry struggle to tell the difference between EES and ES2. EES2, readers may recall, is the snappy abbreviation for European Silicon Structures, a microchip-design company started by Dr Robb Wilmot, the mercurial former chief executive of ICI, Britain's biggest computer company.

ES2 stands for European Educational Software, a company just started by Chris Curry, a similarly well-known figure in UK high-tech circles. Curry was co-founder of Acorn Computers, the once high-flying Cambridge computer company which crashed two years ago and is now a subsidiary of Olivetti of Italy.

Curry's new firm, which is based in Cambridge, will turn out novel forms of software for computers in schools and colleges. He has enlisted to help in the venture two of the more illustrious alumni of the Cambridge computing scene, Tom Santha and Ed Hoskins. Santha and Hoskins were among the founders respectively of CIS and Applied Research, two successful Cambridge soft-

ware companies which were later swallowed up by US corporations, ComputerVision and McDonnell Douglas.

## Into play

Part of the cause for the modest upturn in Boots' shares this week may have been the enthusiasm generated among brokers' analysts on their preview visit to the High Street chemist's first Children's World outlet.

Located among the DIY and mass-market furniture sheds in a new retail park in Dudley, west of Birmingham, Children's World presents a cheery face to the bleak landscape outside its mock playing-brick portals.

It is not recorded how many of the City's blue-suit brigade chose to enter this pre-teens consumer paradise by the playground slide which serves as an alternative to the conventional way in. But it may be useful to note that the day's takings far exceeded target. Though the tills do not open officially until today, the playful brokers' men spent a handsome £595 on toys and other kiddie wares.

That may provide a more reliable indicator of the stores' potential—Boots aims to build up to 40—than when the press went a-viewing. My man on the spot is not too sure—it is difficult to be sure of anything when laden with a glass, a complimentary teddy bear and a chicken leg—but he reckons the take from Grub Street was £30, top whack.

## Taste for life

Yuppies are getting younger. A colleague reports that he heard his four-year-old son, pouring out imaginary drinks for his sister's dolls and teddy bears the other day, announced: "And there's a glass of claret for you; and a glass of claret for you, too."

Observer

## Co-ordinated Land and Estates Ltd invites

## HIGH TAX PAYERS

to consider its portfolio of

## ENTERPRISE ZONE PROPERTIES

at a Halpern and Woolf

## YEAR END TAX PLANNING

## SEMINAR

to be held in the

Coronation Suite, Hilton Hotel, Park Lane

on Wednesday 4th March 1987

5.30 p.m. with refreshments

Formal presentation at 6 p.m.

To: Halpern and Woolf  
 Business Consultants-Chartered Accountants  
 301-305 Euston Road,  
 London, NW1 3SS.  
 01-629 2484

Please reserve . . . seats for me at your seminar for which there will be no charge.

Name .....

Address .....

Phone Number .....



ONE OF the weakest points of Mrs Margaret Thatcher's administration when she took office all these years ago was foreign policy. Today it is potentially one of the strongest.

The transformation has not been all the British Government's doing and, to be fair, the Labour Party has moved as well. So has the rest of Western Europe. The result is that, perhaps for the first time, Britain has begun to feel at home in Europe and Europe feels at home with Britain.

Parts of a speech by President François Mitterrand of France could be mixed with extracts from Mr Hans-Dietrich Genscher, the West German Foreign Minister, Mr Bettino Craxi, the Italian Premier, and George Younger, the British Defence Secretary, and they would make a coherent whole.

Western Europe, in short, is starting to assert itself. The jealousies between European states are giving way to unity in a common cause: hanging together in order to avoid hanging separately. It may be too late, but it is still worth trying.

There are two main reasons: doubts about United States and a new interest in the future of the Soviet Union under the leadership of Mr Mikhail Gorbachev. We shall come to those in a moment.

First, however, it is worth noting the change in the relations between Britain and her continental allies. Britain has ceased to be a reluctant member of the European Community, the bulk of the Labour Party acknowledges that as much as everyone else. Europe is where we live, the one place left to turn to. Mrs Thatcher may haggle about the benefits of belonging to the club. The same goes for Mr Neil Kinnock, the Labour leader.

The continental Europeans have changed, too, in their attitudes to Britain. The years when the French thought that Britain in Europe would be a Trojan horse for the US are almost forgotten. There appears to be no French or West German resentment that it was Mrs Thatcher who went to see President Reagan shortly after the US-Soviet summit in Reykjavik last autumn, and to some extent "spoke for Europe." That was what she was doing, for she consulted the European leaders in advance and reported to them afterwards.

There is no particular jealousy that it is the British Prime Minister, rather than President Mitterrand or

## Politics Today

# Thatcher's chance to speak for Europe

By Malcolm Rutherford

Chancellor Kohl, who is going to Moscow for talks with Mr Gorbachev at the end of next month. She is not suspected of being off to do a bilateral Anglo-Soviet deal, or of being a surrogate for Mr Reagan. She will, if she plays it properly, be speaking and listening for Europe.

How does a British Prime Minister, once so admiring of President Reagan, so sceptical about Europe and so hostile to the Soviet Union, find herself in this position? Part of the answer is that the US administration appeared to go off on its own, without consulting its European allies, on the strategic defence initiative (Star Wars), and compounded the error by appearing ready to reach an agreement with the Russians in Reykjavik over nuclear weapons, again without consulting the Europeans.

At the same time, the Reagan administration began to look as if it had run out of steam: scandals, resignations, Iran, Central America, the lot, while the Soviet Union under Mr Gorbachev seemed to be an alluring gerontocracy.

All the principal European powers came to the same conclusion simultaneously: it was unwise to allow negotiations that could affect the future of Europe to be conducted by the superpowers, without Europe's head. The only way to overcome that was for Europe to bury its relatively petty internal

differences and try to act together.

Several recent speeches bear that out. President Mitterrand spoke to the Royal Institute of International Affairs in London last month in a way that Mrs Thatcher, and perhaps no other contemporary head of state or government, could have ever done. His speech was thoughtful, philosophical and historical — none of the British qualities — but it was a cry from the heart and the head for European unity.

Mr Genscher made a speech to the World Economic Forum in Davos, Switzerland on February 1 entitled: "Let us take Gorbachev at his word." He did not say that there is yet any reason for NATO to relax its military stance; the watch words are still defence and deterrence. But he did say that it would be a mistake of historical proportions to let slip the chance of greater co-operation with the Soviet Union that Mr Gorbachev seems to be offering.

Mr Craxi was in London for talks with Mrs Thatcher last week and laid the same stress, as Italy to its credit has always done, on the need to accelerate European unity.

The British are at it as well. Mr Younger went to the annual Wehrkunde Conference in Munich last month (basically a meeting of West German and American defence experts to which a few other Europeans are invited, though not always allowed to speak) and delivered



Flashback to the 1984 meeting at Chequers between Mr Gorbachev and Mrs Thatcher

a powerful, but little publicised, paper called: "Europe or America, a false dilemma."

The dilemma was false, he said, because the Europeans did not have to choose between Europe and America. The partnership was natural. But the Europeans did have to play a stronger and more united role in it.

Like Mrs Thatcher in the House of Commons in the last few days, he was warning the Americans not to go ahead with new systems without consulting the Europeans because of the possible side effects on arms control negotiations in general and the military balance of power in Europe in particular. The British voice here is heard with some respect in Europe since it is hoped that Britain might have some influence on American policy. Mrs Thatcher knows that has a better chance of being listened to in Washington if the Europeans are behind her.

Dr David Owen, leader of the Social Democratic Party and a former Foreign Secretary, has been still more outspoken. He said in the first of a series of foreign policy speeches this week: "Mrs Thatcher should go to Moscow at the end of March prepared to speak as a European first and foremost, and not as the voice of President Reagan."

What all of the speeches quoted here have in common is a desire to resuscitate the Western European Union or, as Dr

Owen suggested, to devise a new framework for European co-operation.

Western European Union (WEU) is the best forum, if only because it is there and established by treaty. Its origins are worth remembering. There was the Treaty of Dunkirk between Britain and France in 1947, followed by the Brussels Treaty, signed by Britain, France, Belgium, Luxembourg and the Netherlands in 1948. Both were about common defence.

The epoch-making North Atlantic Treaty, bringing in the Americans, was signed in 1949. In 1954, after the French National Assembly voted against the ratification of a European Defence Community, the Brussels Treaty was modified and completed, largely as the result of a British initiative, to include West Germany and Italy.

That was the start of WEU. Although it has been dormant for much of the time since, it is essentially a political organisation, ready to be given new life when necessary. One of the reasons why it was set up in the first place was that West European countries were worried about Soviet intentions under Stalin. It was a response to Soviet policy.

Now that Soviet policy may have changed and as Mr Gorbachev does not go on about the correlation of forces in the

world constantly shifting in favour of Moscow in the way of the late Mr Brezhnev, WEU could come into its own. It is the natural forum in which European leaders can discuss a common foreign policy — both vis-à-vis Washington and vis-à-vis Moscow.

There are other forums: for example, Political Co-operation within the European Community. But as both President Mitterrand and Mr Younger said in their recent speeches, it is an anomaly that while Europe can find ways of expressing a collective view, and even take collective action, on such diverse subjects as the Middle East and South Africa, it can do nothing like that on its most vital security interests.

The best way forward would be to revitalise WEU. Article XI of the amended Brussels Treaty allows other members to be invited to join. Spain, Portugal, Norway could come in. Such discussions are now under way. Yet first there must be a determination among the principal states to make WEU matter as the main arena in which to formulate European foreign and defence policy, and soon.

It is almost as if Britain, having been so stand-offish during the foundation of the European Economic Community in the 1950s, is being given a second chance in the building of a political Europe. Can Mrs Thatcher take it?

## Lombard

# Time to revive the tariff

By Christian Tyler

FREE TRADE is a goal that can be approached but never reached. Its enemy, protectionism, is a state of mind that most policymakers agree is both bad and dangerous. Protection, on the other hand, is a fact of life that will be with us for as long as we are governed by politicians and not by economists.

So what should the new round of international trade negotiations this year be about? About freeing trade, certainly, but also about openly choosing between good and bad protection.

From the economist's point of view, demonstrably the best kind of protection is the fixed tariff: it happens also to be the cornerstone of the post-war system of trade regulation. It is visible and predictable, "clean" and readily negotiable.

Proof of the negotiability of tariffs is that they have been greatly reduced since the Second World War by trading partners committed to liberalisation. Industrial tariffs of the richer nations were brought down from a pre-war average of 40 per cent to around 7 per cent. By common consent, these mutual concessions in seven rounds of talks within the General Agreement on Tariffs and Trade (GATT) worked wonders for world economic prosperity.

The trouble is that the political will to sustain free trade faded fast after the early Seventies. Reluctant to admit that they were backsliding on their commitments, governments resorted more and more to the dirty protection of the non-tariff barrier.

Today's import problems are solved by imposing arbitrary quotas, inventing obstructive product standards, mounting dubious anti-dumping suits and forcing under-the-counter "voluntary" export restraints on troublesome trade partners.

One consequence is that large areas of trade are being taken out of the GATT disciplines altogether among them textiles and clothing, steel, motor vehicles and electronic goods (including, most recently, semiconductor).

Is it time to bring the tariff back? This is not as reactionary an idea as it sounds. At a time

of huge trade imbalances and volatile exchange rates, political pressures for protection become irresistible. Surely it is better to impose an honest, non-discriminatory tariff than arbitrary, selective and confidence-shaking measures. Is it not better to admit to a temporary competitive weakness at home than to keep up a pretence of open trading while singling out successful new competitors like Japan, South Korea or Brazil for punitive treatment?

There is a further, topical, advantage in bringing back tariffs, as respected trade economists in the US have pointed out: revenue is generated at home that can be used for industrial adjustment.

Instead of allowing the foreign supplier to take the scarcity premium that a quota gives him, the importing country creates a tariff revenue which it uses to encourage and subsidise the protected domestic industries.

The national treasury has money to retrain workers and subsidise their redeployment, to help them move house or encourage them to retire early. It can spend more on education. It can provide incentives to companies to adapt to new technologies, to slim down or to develop new products that will compete on the world market.

A less satisfactory variant of the idea, sanctioned quotas, is attracting some attention in the US Congress at the moment. Some congressmen believe that import quotas should be auctioned off to raise the money for industrial redeployment that the Administration cannot or will not afford because of its budget deficit.

Of course, the return of tariffs should not become just another form of permanent protection. They would have to be lowered in step with domestic adjustment programmes, and to a predetermined timetable. Supplier countries caught by new tariffs would have to be compensated. And the conversion of non-tariff barriers to tariffs would have to be multilateral, to make room for subsequent trade-offs.

The "new protectionism" demands a strong antidote: the old tariff, suitably revamped, deserves consideration.

## National pay bargaining

From the Director General, Chemical Industries Association.  
Sir, One cannot help being concerned by Mr Kenneth Clark's reported condemnation (February 12) of national pay bargaining. Such a blanket attack seems simplistic, and perhaps doctrinaire, in that national pay bargaining procedures vary from sector to sector and come in all shapes and sizes. We believe that some of them work well and bring additional benefits that far outweigh their disadvantages. In this industry we have since 1918 — developed a two tier (national plus local) negotiating system which serves the industry well.

Two thirds of our member company sites choose to conform to these nationally negotiated conditions. This conformity is best demonstrated by the close adherence to the nationally agreed terms in relation to working hours, annual holiday entitlement, overtime premia, calculation of holiday pay, etc. These features remain standard conditions throughout the conforming part of industry. There are variations in companies' actual rates of pay, shift differential payments and allowances in payments which take account of local and regional factors and company performance.

In our industry there is no evidence that national negotiations have inflated settlements. For example increases in the basic rate negotiated at national level have kept broadly in line with the movement in the Retail Price Index. A rise in the negotiated basic rate of 55 per cent since 1980, or 45 per cent if consolidation and the 38-hour week are excluded, against an RPI increase of 48 per cent. It is important to stress that this has occurred in a sector where per capita productivity gains have been dramatic.

Since 1979, manpower in our industry has fallen by 25 per cent, but production has risen 10 per cent, mostly due to better utilisation of manpower, improved working practices and more job flexibility. Very significant changes in attitudes and working practices have been accommodated under the umbrella of the national agreements used as a foundation for specific company or site settlements recognising local conditions, and real productivity gains.

This two tier system has many benefits. For example, national agreements are not just about money. They are about terms and conditions of employment, they provide a framework, a set of rules, surrounding the employment of people in the workplace.

It is also the basis of our national procedure for the

## Letters to the Editor

resolution of disputes. This remains one of the most admired features of our agreements and continues to be as much used as ever. In consequence our industry has for long been characterised by a very low level of industrial action.

Within our system we can hold on to those features of a close partnership between the private and public sectors which could be of real long-term use to the unemployed. Michael Crosswell, Blue Arrows, 14, Finsbury Square, EC2.

**Profitable asset**  
From Mr R. Sheehan  
Sir, — Regarding the article of February 5 by your legal correspondent I feel that some of the remarks made about the London insurance market and Lloyd's in particular might be misleading.

To start with as a lawyer he should have made it clear that the "Neill enquiry" was to investigate into the adequacy of "investor protection", ie, the protection to the providers of capital, the sellers in the insurance contract. Therefore since it was not its objective, this inquiry does not concern itself with the protection of the buyers. On that score in all the brouhaha attaching to the affairs of Lloyd's over the past few years the accusations against "Lloyd's" are not that it failed its policyholders, the buyers; but that in the carving up of the "cake", when profits were distributed or indeed losses paid out the distribution to some capitalholders was inequitable. The skulduggery of the few responsible is undeniable and deserving of punishment but it is important to recognise that they are few.

The vast majority of the hundred thousand or so people working in the London insurance market are and have been all the while busily heaving away to make the profits which are represented by "the cake" however inequitably it might have been distributed. Therefore the conclusion concerning the opportunities which may now exist in the German insurance market is misconceived. The London insurance market will or will not succeed at this opportunity as it always does through its expertise in assessing the probability of loss, the service it gives and its loyalty to policyholders.

There is little doubt that reform is necessary and that

people welcome the Neill report but there is no sense in getting things out of perspective. The London insurance market, frequently misunderstood and ill reported, is a highly profitable asset of this country. For its revenue earning capability it is funded with very little capital when you consider that the "named" investors backing their membership are in fact being used to finance industry and commerce via the stock markets. There is a danger if your correspondent's views are widely supported of throwing the baby out with the bath-water.

Richard A. P. Sheehan, 80 Cadogan Place, SW1

**Loading gauges and the tunnel**  
From the Director, Channel Tunnel, British Rail (Southern).  
Sir, — The difference in loading gauge between trains in Britain and the rest of Europe is not the unavoidable problem which Mr David Layton (February 16) suggests.

Already a fleet of 7,000 rail wagons built to BR gauge is in use on freight services between the UK and Europe, using train ferry links. More can be built if necessary. Large fleets of containers also exist that can travel on rail in the UK and Europe. Thus through-freight services can be run from anywhere in the UK where there is probable trade.

The international passenger trains using the Channel Tunnel will be built to BR gauge and there will be hourly services between London, Paris and Brussels for most of the day. There will also be through passenger trains to and from the Midlands, the North and Scotland and to destinations beyond Paris and Brussels on the Continent.  
M. J. Southgate, Waterloo Station SE1.

**Working peers**  
From Dr F. Smith  
Sir, — The working peers have made valuable contributions to Select Committee Reports and bring to discussions in the House of Lords a considerable knowledge, experience and expertise which would otherwise be absent. They often represent views which would certainly not be present otherwise and which do not always surface in the debates in the other place.

It therefore seems particularly unjust that only two Alliance working peers should have been created since 1979 out of the total of 56. One of these two has sadly died and the other, Lord Tordoff of Knutsford, comes from my constituency now called Tatton. (Dr) Francis M. Smith, 16, Whitehall Close, Wilmston, Cheshire.

## Globe - £1000 worth £8378 after 10 years\* Average Unit Trust worth £6979\*

Over 3, 5, 7 and 10 years, Globe has consistently outperformed the average unit trust and beaten the returns from building society and bank deposit accounts.\*

## FOR THE LONGER TERM GLOBE NOW THE WORLD'S LARGEST INVESTMENT TRUST



Dividends have increased every year for the past 20, beating inflation by 60%.

In the nine months to 31 December, 1986, and compared with the same period last year, Globe reports:—

- Profits up 13.66% to £16.1m
- Total assets over £1,000,000,000
- Number of Shareholders exceed 34,000

Globe issues reports to shareholders every three months and will be despatching a report shortly covering the nine month period to 31 December, 1986. To ensure you get a copy and details of Globe's Shareholders' Savings and Share Purchase Scheme complete the coupon below.

## Globe Group Services Limited

GLOBE INVESTMENT TRUST P.L.C.

To: John Crize, Globe Investment Trust P.L.C., FREEPOST, Elexon House, Temple Place, London WC2R 3BR. Telephone: 01-836 7766

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

\*Source AITC Statistics Service and Planned Savings Statistics to 31 December, 1986.



## Chicago cashes in as Hollywood fades

THE decision eight years ago to allow a speeding Dodge saloon to demolish two huge windows in Chicago's imposing Richard J. Daley Center has proved prophetic for the Illinois film industry.

Not only did it help to turn "The Blues Brothers" into a considerable international box office success, but it also gave a graphic illustration of what the powers that be were prepared to sanction in the drive to attract film makers to the city.

"The destruction really focused attention on the type of co-operation which film makers could expect in Chicago," recalls Ms Lucy Salenger, founder, and former director of the Illinois film industry.

"The Blues Brothers" was about the 30th film/television project to be shot in and around the city since the establishment of the office in 1975. The tally is now nearer 300, compared with five in the 1965-75 period. The honours list includes films such as "Ordinary People" and "The Colour of Money" and several episodes of the US television series, "Crime Story". Last year alone, about 21,000 people secured temporary local employment because of the region's thriving film industry.

Chicago is one of the most conspicuous beneficiaries of show business' drift away from Hollywood over the past 10 to 15 years. While the twin centres of the industry remain unquestionably Los Angeles and New York, the Windy City, as Chicago is known, has cashed in impressively on the upsurge in on-location filming.

As this trend has developed, the once teeming shooting lots of the Los Angeles entertainment giants have become redundant. A large chunk of Century City was sold recently to a Chicago real estate company in a \$600m deal.

In 1976, film and television crews spent \$870,258 in the state of Illinois. By 1986, the figure was \$50m. Ms Janet Kerrigan of the State

**Film-makers are following the golden trail to Windy City, reports David Owen**

Chicago money-spinner: Paul Newman and Tom Cruise (right) in "The Colour of Money."



Film Office, says the industry now brings in more money than any state-funded programme except the lottery. "For every dollar the state spends on the film industry, 75 are returned," she says.

But why have so many film makers flocked to Chicago? After all, the city's star quality was kept strictly under wraps for most of the 21 years for which Mayor Richard J. Daley, after whom the Center is named, ruled the roost.

While Chicago's colourful past has something to do with it much of the attraction is financial. Observers estimate that filming in Chicago can be nearly a third cheaper than in New York. This is partly because of the flexibility of the local unions, but also because of cheaper

site rentals and catering costs.

"We have only three basic craft unions which film makers have to deal with, the studio mechanics, the cameramen and the teamsters," says Ms Salenger. "In New York, there are probably 15." Chicago is really small town. People are willing to work together.

But even Chicago is in danger of being undercut, as the competition for film makers' attentions and dollars heats up. Toronto (benefiting from the weak Canadian dollar), Florida and, somewhat improbably, Wilmington in North Carolina, are among the Windy City's principal rivals.

Wilmington's main asset, apart from its essentially non-unionised labour, is the sizeable De Laurentiis

Entertainment Group studio complex, which is currently celebrating its third birthday. With a track record of 18 films so far, including "Crimes of the Heart" and the recent hit from British director, Mr David Lynch, "Blue Velvet," the studio claims to have pumped \$27m into the local economy in the first nine months of 1986 alone.

The quality as well as the cost of the Wilmington workforce is said to stand the De Laurentiis group in good stead. It had previously considered setting up a low cost complex in Mexico.

"About 85 per cent of the work at the studio is construction-oriented," says Ms Jayne Bednarzky, a spokeswoman for the group. "We have welders who used to build ships and

woodworkers from High Point (America's High Wycombe)," she adds.

Wilmington and the other main North American contenders can now match Chicago for experienced technicians and specialist staff. "The film maker just ships in his heads of department and usually his camera crew," says Ms Bednarzky - but the depth of the Second City's pool of acting and writing talent still gives it a distinct edge. "We go to LA frequently to pull deals together more tightly," says Ms Salenger of her latest Chicago-based venture, the Odeon Group. "But the purpose of our company is to tap into the writers here."

This may startle some who remember Chicago in its days as a meatpacking and heavy industry centre. But it will surprise nobody familiar with the work of David Mamet or the Goodman, Steppenwolf and Wisdom Bridge theatre companies. Or, indeed, the Blues Brothers themselves - the late John Belushi and Dan Aykroyd. These two local midwestern heroes began their careers at Second City - a converted Chinese laundromat in North Chicago which remains a veritable treasure trove of comic talent.

"We are certainly one of the top five US film industry cities - if not the top three," Ms Salenger says. The region's reserves of top notch writing and acting talent should, for the moment, ensure that it stays there, in the face of intensifying competition.

These aspirations to silver screen stardom mark a departure for this city of immigrants, whose political slugging matches have earned it the nickname of "Beirut by the lake." The days when Chicago lay at the mercy of the bootlegging mobs of Al Capone and Hymie Weiss may be long gone. But Chicago still has a reputation for getting things done through perspiration, not inspiration, with little panache, but much elbow grease.

## Occidental plans \$1bn equity offering

By Our New York Staff

OCCIDENTAL Petroleum, the US west coast energy group headed by the 67-year old Dr Armand Hammer, yesterday took advantage of the current boom in Wall Street share prices and announced plans to raise close to \$1bn of new equity.

The group, which has one of the weakest balance sheets of any international oil company, said that it will file a registration statement with the Securities and Exchange Commission (SEC) today for an underwritten public offering of 20m shares of Occidental common stock.

The issue will be one of the biggest common stock offerings in the history of Wall Street. According to IDD Information Services, a New York firm which collects statistics on capital raising, there have only been four corporate equity issues of over \$1bn. Occidental shares fell by 51% to \$31½ following the announcement of the proposed offering.

The company has issued a substantial number of shares over the last 18 months to finance acquisitions, in particular last year's \$3bn purchase of Midcon. Analysts are concerned that the latest issue could further dilute earnings. The average number of Occidental shares outstanding in 1985 totalled 150.3m compared with 105.1m in 1985.

The group has been hard hit by the collapse in oil and gas prices and its 1986 earnings of \$107.5m, or 72 cents a share, were not enough to cover the \$2.50 annual dividend.

Dr Hammer said that it is intended that the offering will be made on or before March 10, 1987, and the net proceeds will be used primarily to reduce outstanding debt. Occidental has over \$7bn of debt and the credit rating agencies have recently been downgrading their rating of the company's securities.

## Baker unveils plan to improve US international trade position

By Nancy Dunne in Washington

MR JAMES BAKER, the US Treasury Secretary, yesterday presented Congress with a six-part Administration programme to improve the US trade position and he warned that President Reagan "will not tolerate closed markets, trade barriers and unfair subsidies which deny American firms a fair chance to compete."

"The trade figures are stark, and the newspaper headlines are grim," he said. But Congress must avoid protectionism - which would provoke costly retaliation - and "quick-fix solutions that aren't really solutions at all - just reflexive measures with super-ficial appeal."

Mr Baker, who was speaking before the Senate international trade subcommittee, asked for change in US trade law statutes so that President Reagan could take "a tough position on unfair trade practice at home and abroad."

He asked Congress to set a two-

year deadline for the settlement of trade complaints which did not already have time limits, and for "reciprocal access to foreign markets" to be added as a consideration in many unfair trade cases.

Until now, the Administration has resisted changes in the trade laws, saying the president already has wide, discretionary powers to order retaliation. Since those powers have been used too infrequently to suit many on Capitol Hill, legislation has been introduced in both Houses which would force the president to act.

The Administration, said Mr Baker, would "resist" any proposals to limit the president's flexibility, a general import surcharge, or any sector-specific protection, such as the new textile bill introduced in the House this week.

"Threats can be useful to negotiate a solution, but a rigid, statutorily mandated approach that dictates

to foreign governments can make them less likely to agree to reduce barriers and more likely to dig in and counterattack by closing their markets to US exports," Mr Baker said.

A "transformation" was needed, reaching into "the core of American society" and making American business more competitive, Mr Baker said.

He put forward proposals for a \$1bn work adjustment scheme to retrain 100,000 "dislocated" workers, and two youth training programmes for disadvantaged teenagers.

It is unclear how much additional money the administration plans to spend on the schemes, since it has also proposed deep budget cuts in education and job training. Funding is also unspecified for a further plan to establish university-based science and technology centres to boost long-term research.

## Khoo is ready to take on NBB debts

By Steven Butler in Singapore

TAN SRI Khoo Teck Piat, the Malaysian-born financier, told bankers in New York yesterday that he and his companies were ready to assume all the liabilities of his family bank, the National Bank of Brunei (NBB), which was seized and closed by the Brunei Government in November amid charges of loan irregularities.

Those liabilities totalled about US\$770m, including capital and reserves. Some 33 international banks were owed US\$210m. "I have never defaulted on a loan. I have never failed to uphold my financial obligations," he said in a statement. "I will stand behind my companies. I will service my debts."

He denied any misconduct in the affair.

The statement, his first since the NBB closure, came as he met representatives of major creditor banks to the NBB in an effort to put together a package that would liquidate the assets and liabilities of the bank while preserving Tan Sri Khoo's stable of companies. Tan Sri Khoo owned some 70 per cent of the NBB. Direct creditors to Mr Khoo's companies also attended the meetings.

Tan Sri Khoo acknowledged to the bankers that the Brunei Government had earlier rejected an outline of the proposals that was presented to them, but hoped that discussions could be reopened when a more detailed and concrete proposal was ready. The Brunei Government's opposition seemed to soften slightly this week when it sent out messages indicating that it was encouraging banks to negotiate with Tan Sri Khoo and his financial advisers, Shearson Lehman Brothers.

The proposals, as described at the meeting, call for the liabilities of the NBB to be repaid in a short period of time with full interest. The repayment obligations would be secured by all of Tan Sri Khoo's unencumbered assets, including the US\$350m of assets held as collateral by the NBB.

A Shearson Lehman official yesterday would not put a value on the total assets available, other than to say that they were sufficient with a substantial margin to provide the necessary security.

Tan Sri Khoo said that it was not possible financially to repay his debts to the NBB by liquidating or refinancing his assets, under current conditions.

Shearson Lehman will attempt to continue meeting with a steering committee representing the banks in order to work out a final set of proposals before presenting them to the Brunei Government.

## UK rejects US high-tech audits

By Peter Montagnon, World Trade Editor, in London

THE BRITISH Government has decided not to allow US authorities the right to examine the books of British companies importing US high-technology products - except in exceptional circumstances requested by the company itself.

The UK move was announced by Mr Paul Channon, Secretary of State for Trade and Industry, in a bid to defuse a growing row over a US request to audit British companies.

The US, which hopes to prevent sensitive US technology being sold on to the Soviet bloc, has been seeking the right to inspections as part of a modification of its own export controls.

British Members of Parliament opposed to the move have argued that the US is claiming extra-territorial rights.

Under new US rules US exporters

would not have to obtain an export licence each time they made a sale to a foreign company designated an approved consignee. In return, the US authorities wanted to undertake audits to check that sensitive goods were not being re-exported.

The UK Government, which has been considering the US position for some time, had been expected to allow inspections, but Mr Channon's statement to Parliament yesterday took a tougher line than anticipated.

He said: "The Government have made clear their rejection of extra-territorial re-export controls on many occasions. We also reject the principle of audit visits designed to monitor compliance with such controls, since any controlled goods imported into this country are subject to our own stringent export licensing requirements."

He said he would not normally allow audits except when he was satisfied that a company wished to maintain approved foreign consignee status and did not wish the Government to reject an application for an inspection.

He said that audits would be limited to "a handful of cases a year and subject to stringent conditions: Companies refusing audit visits should not be subject to any penalties other than loss of approved consignee status, which meant they would again become subject to specific US export controls."

● No information gained as a result of a visit should be used as the basis for US proceedings or administrative action in relation to activities carried on in the UK.

● Visits would be covered by guidelines already applicable to the foreign officials while in this country.

## G7 to meet on Sunday

Continued from Page 1

It is by no means clear, however, that West Germany will come to the meeting with any firm suggestions for boosting its economy. One senior European official said yesterday that the West German authorities had doubts about whether anything much would come out of Sunday's meeting.

There were even suggestions that German officials may have insisted on a G7 rather than a G5 meeting as a precondition for going to Paris, in the hope that G7 talks would not stir up too many hopes in financial markets.

West Germany could decide to bring forward DM 8bn in tax cuts planned for next year in an attempt

to assuage US pressure to boost its economy.

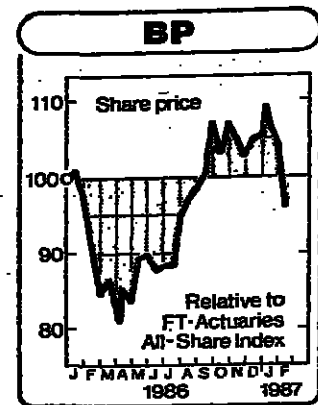
However, the newly formed coalition faces important state elections in April and May and it seems unlikely that the government would want to be seen to compromise to US demands ahead of the polls.

In the longer-term, Germany could bring forward these planned tax cuts and/or implement tax cuts of up to 10 per cent under the provisions of the stability and growth law.

Both are options should the current slackness in growth continue until the end of the second quarter. By the Venice summit in June, the pressure to reflate could have become much tougher.

## THE LEX COLUMN

### Running to stand still



The way in which British Petroleum's share price has managed to regain the position relative to the FT All-Share that it had when the price of oil was \$30, is one of the miracles of the bull market. But the slightest disappointment can cause quite large cracks in the ring of confidence. Already on the slide ahead of the results as the company made haste to dampen outside forecasts, the shares fell a further 20p to 73p yesterday before recovering to 74p.

There cannot be many companies which have recommended a dividend increase after a year in which earnings per share have halved and there was a cash outflow of £151m.

Yet the 1p increase at BP - almost maintaining the real value of the dividend - was almost damned as meanness by the market. Given that replacement cost earnings were only slightly down, and that the decline in cash balances was the result of almost £1bn of US acquisitions, BP's dividend policy is probably about right.

The problem for BP is that UK shareholders in Shell will probably receive a chunky increase in their dividend, purely because of the strength of the guild relative to sterling. Surprisingly, Shell's share price fell proportionately more than BP's yesterday, but this probably reflects late buying of BP shares just before they go ex-dividend.

The fourth-quarter replacement cost profit of £202m represents a dismal end to the year, and marks a sharp reversal of the trend in the first three quarters. While these were characterised by windfall downstream profits compensating for the shortfall in production earnings, the last three months of the year have seen refining margins shrink - finally to disappear altogether in December. The combination of increasing crude prices and an oversupplied products market was the cause.

The notable absence of the first condition over the past few weeks suggests that the downstream position may have improved. But a 1987-long mix of \$18 oil with the refining conditions of the fourth quarter could see BP's replacement cost profits fall by around 40 per cent. It is not such an improbable combination.

Yet the \$18 scenario, advocated so strongly by the BP chairman, is already fraying badly. Yesterday the Brent price slipped below \$17, and there must be a suspicion that the fall of the past few days would have been much more pronounced if the oil trading fraternity were at their telephones instead of their annual binges in London. It seems that the Opec countries are producing around 18.8m barrels a day - or about 1m over the recently-agreed ceiling. If that is translated into sales of Opec crude below the new official price, then the game is up.

Sir Peter Walters indicated yesterday that BP would consider buying at official prices rather than take cheaper crude on offer from a less scrupulous member of the producers' club. The problem is that the oil companies are in the same boat as Opec members: to behave gallantly allows rivals to gain a competitive advantage.

### Plessey

Compared with an edgy period before the bid from GEC, when order books were shortening, cash was temporarily getting soaked up in stocks of System X and the City was muttering about credibility gaps, Plessey has become a much easier stock for the institutions to hold with an easy mind. That is partly, of course, the reverse of GEC's failure to keep the Nimrod project alive; Plessey now stands to gain a stream of contracts as a UK sub-contractor to the Awacs system.

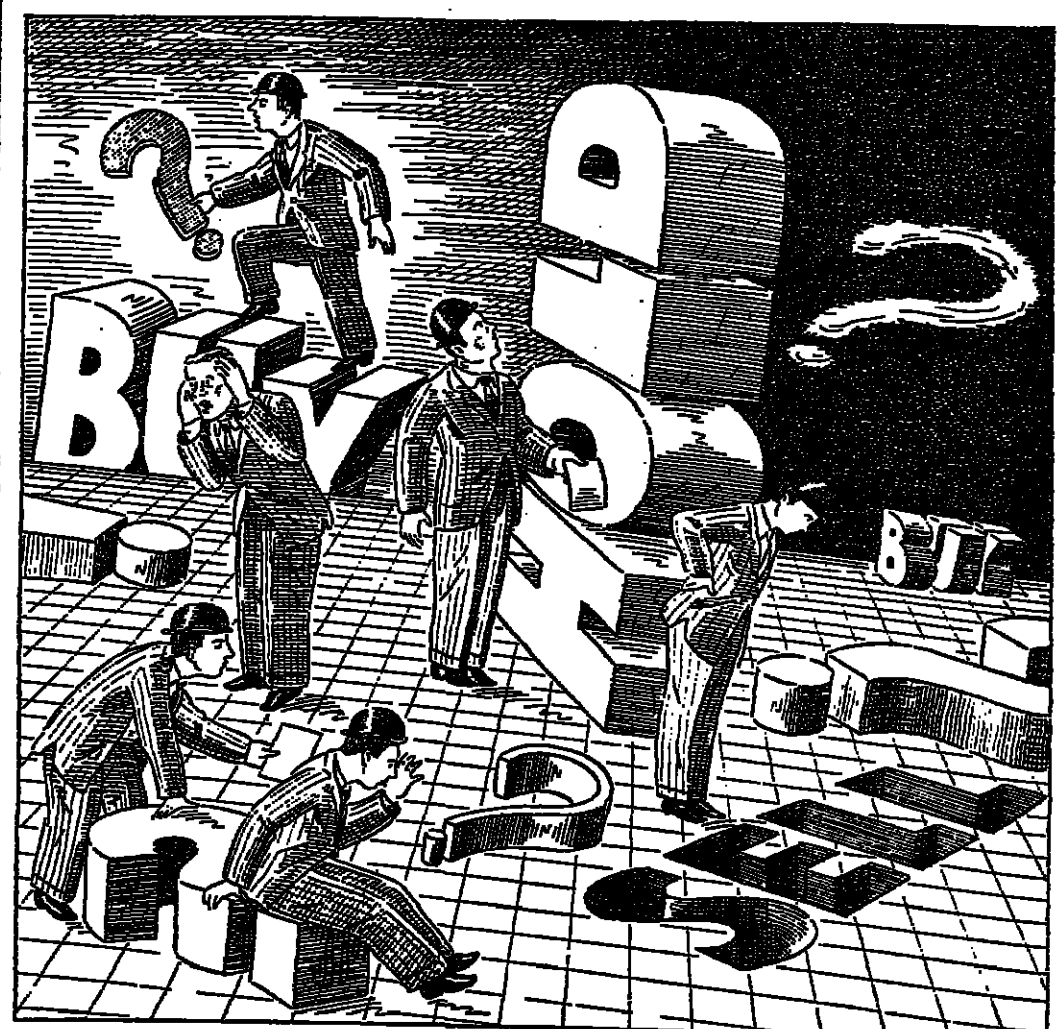
Yet there is also a much more comfortable feeling about the half of Plessey's business that is in telecommunications. Work for BT on System X is, after all, now regarded as one of the more transparent parts of the business, trouble-free and high-volume work, satisfactory despite the thin margins. If even a limited solution to the overlap with GEC is found, that will help cement the good work. The US public switching enterprise is at last making modest amounts of money - with a change of getting some small exchanges into the Bell system. If System X can actually be sold in Bulgaria - or anywhere new at all outside the UK - that might actually be worth something on Plessey's still depressed earnings multiple.

It is in a way surprising that even since the Awacs decision, the Plessey share price has made relatively modest headway. Most probably those to whom announcements are already in the price, and the expectation is for earnings to grow no more than in line with the market over the next couple of years. Perhaps it is time to reflect that such an outcome appears more certain for Plessey than for other electronics stocks - such as STC - which have made an even more vigorous recovery.

### BET in USA

The advantages that BET claims for its proposed US listing are of varying plausibility. It may be possible to use the shares for US acquisitions, though it would be interesting to know how many shares had been issued in this way by all the UK's New York listed companies put together. And if BET strikes an untapped source of demand for its shares, the \$100m that it talks of raising in a New York placing may indeed be obtained on terms which avoid dilution.

But an overnight instant re-rating to transatlantic service-sector multiples, raising the value of shareholders' entire existing investment? Maybe so, though such an outcome seems to demand that trading in New York (on an initial 3 per cent of the stock) will effectively take the market in BET away from its stolid London base.



**We don't make markets. We just make sense.**

The market can be a confusing enough place at the best of times.

Now after the Big Bang it's even more so. However, with Sheppards you always know exactly where you stand.

We've taken a firm decision to remain non-market makers. So we give you impartial advice, we deal fast and at the right price, and you retain your cloak of anonymity.

A business decision that in the long run is pure common sense.

## Sheppards

No. 1 London Bridge, London SE1 9QL  
Telephone: 01-378 7000 Telex: 838282 Fax: 01-378 7585  
A Member of The Stock Exchange

BAIL

## World Weather

|              | °C | °F |              | °C | °F |           | °C | °F |
|--------------|----|----|--------------|----|----|-----------|----|----|
| Algeria      | 18 | 64 | Belgrade     | 11 | 52 | Moscow    | 18 | 64 |
| Amman        | 18 | 64 | Bombay       | 27 | 81 | Mumbai    | 27 | 81 |
| Ankara       | 15 | 59 | Buenos Aires | 12 | 54 | Nairobi   | 22 | 72 |
| Bahia        | 22 | 72 | Calcutta     | 27 | 81 | Rangoon   | 27 | 81 |
| Bangkok      | 23 | 73 | Cairo        | 18 | 64 | Reykjavik | 10 | 50 |
| Bombay       | 27 | 81 | Chennai      | 27 | 81 | Rome      | 12 | 54 |
| Buenos Aires | 12 | 54 | Columbo      | 27 | 81 | Sao Paulo | 18 | 64 |
| Calcutta     | 27 | 81 | Dhaka        | 27 | 81 | Seoul     | 12 | 54 |
| Chennai      | 27 | 81 | Hankow       | 12 | 54 | Singapore | 27 | 81 |
| Columbo      | 27 | 81 | Hong Kong    | 18 | 64 | Stockholm | 12 | 54 |
| Dhaka        | 27 | 81 | Kobe         | 12 | 54 | Sydney    | 27 | 81 |
| Hankow       | 12 | 54 | London       | 12 | 54 | Taipei    | 18 | 64 |
| Hong Kong    | 18 | 64 | Los Angeles  | 18 | 64 | Tokyo     | 12 | 54 |
| Kobe         | 12 | 54 | Manila       | 27 | 81 | Yokohama  | 12 | 54 |
| Los Angeles  | 18 | 64 | Paris        | 12 | 54 |           |    |    |
| Manila       | 27 | 81 | Perth        | 18 | 64 |           |    |    |
| Paris        | 12 | 54 | Rangoon      | 27 | 81 |           |    |    |
| Perth        | 18 | 64 | Seoul        | 12 | 54 |           |    |    |
| Rangoon      | 27 | 81 | Singapore    | 27 | 81 |           |    |    |
| Seoul        | 12 | 54 | Stockholm    | 12 | 54 |           |    |    |
| Singapore    | 27 | 81 | Sydney       | 27 | 81 |           |    |    |
| Stockholm    | 12 | 54 | Taipei       | 18 | 64 |           |    |    |
| Sydney       | 27 | 81 | Tokyo        | 12 | 54 |           |    |    |
| Taipei       | 18 | 64 | Yokohama     | 12 | 54 |           |    |    |
| Tokyo        | 12 | 54 |              |    |    |           |    |    |
| Yokohama     | 12 | 54 |              |    |    |           |    |    |



**WOLSELEY**  
SOUND  
STRONG  
SUCCESSFUL

## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Friday February 20 1987

Showing the way  
in personal  
computing

FERRANTI

## Daimler-Benz boosted by higher car volume

BY ANDREW FISHER IN FRANKFURT

DAIMLER-BENZ, the West German motor group which has expanded widely into other industrial sectors, yesterday reported what it called "another pleasing profit" for 1986, with sharp rises in turnover and output.

The Stuttgart-based company said the favourable trend in the car market had made a large contribution to the result, with problems caused by the rise of the D-Mark, especially against the dollar, mostly offset by higher unit sales.

But commercial vehicles continued to suffer from stiffer competition because of world over-capacity. New subsidiaries Dornier (aerospace) and Motoren- und Turbinen-Union (engines) had contributed positively to the results, while AEG (electronics) was continuing on its consolidation path after the heavy losses of a few years ago.

Total turnover, as indicated last year, was DM 65.8bn (\$38bn), with the 25 per cent rise from the DM 52.4bn of 1985 mainly due to the first-time inclusion of AEG, of which Daimler owns nearly 60 per cent.

While car sales were 10 per cent ahead at DM 31.6bn, those of commercial vehicles were down by 12 per cent to DM 17.6bn, mostly as a result of the former D-Mark. Of the group's non-motor subsidiaries, turnover at AEG was 4 per cent up at DM 11.1bn, with a 7 per cent rise to DM 2.3bn at Dornier, and one of



Mr. Werner Breitschwerdt, Daimler-Benz chief executive

8 per cent to DM 2.8bn at MTU.

Sales of the parent company, Daimler-Benz AG, rose 10 per cent to DM 40.6bn. Analysts have forecast higher earnings for Daimler because of increased unit sales, car price increases and a concentration on more expensive models in markets like the US. In 1985, net profits were DM 1.35bn against DM 711m.

Daimler was fairly cheerful about the overall economic background,

although it stressed the significance of the coming wage round in Germany at a time when the D-Mark's strength was hindering exports.

It warned that shorter working hours, without compensation through such means as more flexible working times for new and advanced machinery, would put German plants at a disadvantage.

Porsche warned last week that the campaign of the IG Metall trade union for a 35-hour week would "make it much harder to breathe."

Daimler said it planned to expand car output further in 1987, though less rapidly than the 10 per cent achieved in 1986 to just over 594,000 units. It expected continued difficulties in commercial vehicles.

Capital spending remained high last year at DM 5bn, with some DM 1.8bn being invested in the car division, where demand remains strong. Research and development expenditure totalled more than DM 3.7bn.

In its non-motor sectors, Daimler forecast continued positive development at AEG, Dornier and MTU.

Mr. Hans Dinger, head of MTU, said this week that civil aerospace work would play an increasingly important role as defence orders such as the Tornado fighter ran out. With less long-term military engine business, "the swing of the pendulum between good and bad years will increase."

Alan Friedman reports on proposals for a possible Anglo-Italian telecommunications alliance

## Fiat and Stet study plan for UK link up

ITALY'S FIAT group and Stet, the state holding group which is part of IRI, plan to approach Britain's Plessey and GEC to explore the prospects of forming an Anglo-Italian alliance in the telecommunications equipment sector.

Stet and Fiat will only seek formal negotiations with the British companies once they have completed the creation of Telit, the public switching and data transmission joint venture set to result from the merger of Italtel and Telettra, respectively the telecommunications subsidiaries of Stet and Fiat.

The plan, which has been agreed informally at the most senior levels of both the Turin-based Fiat and Stet in Rome, is for Telit to seek collaboration agreements with the British which could range from research and technology to joint marketing and distribution.

The Italians want an alliance with British companies which would serve as a market response both to last year's French acquisition of IRI's international operations and to the international venture between Siemens of West Germany and GTE of France.

"We will have to find a way of competing with the French and the

big international telecommunications groups in a difficult market and right now we are too small on our own," said one senior Italian executive involved in the Telit merger.

The Stet-Fiat plan, which is encountering political resistance from several leading members of the Socialist Party of Mr Bettino Craxi, the Italian Prime Minister, would go one step beyond an Anglo-Italian joint venture.

The idea would be for Italy's Telit and one of Britain's System X producers to get together and then seek a three-way global venture with a larger company.

Although no formal talks have been held, the list of companies which the Italians would like to approach jointly with their British counterparts includes Ericsson of Sweden, Northern Telecom of Canada, West Germany's Siemens and American Telephone and Telegraph.

According to several Italian executives involved in the planning - all of whom requested anonymity - contacts with GEC and Plessey have already taken place, but there have been no formal negotiations.

Earlier this month Ericsson said



The Italians want an alliance with UK groups which would act as a market response to both last year's French acquisition of IRI's international operations and to the international venture between Siemens of West Germany and GTE of France.



it would be willing to reach an agreement with Telit which would see the new Italian company taking a 5 per cent stake in the Swedish concern.

Ericsson's goal is to increase its position in the Italian market and to share development costs for switching and transmission equip-

ment. It has the same aim in Spain.

Mr John Butcher, UK Parliamentary Under-Secretary of Trade, recently visited key cabinet ministers in Italy such as Mr Ciriaco De Mita, the Christian Democrat responsible for state industry, and also met Stet and Fiat executives.

Mr Butcher came away from his Italian meetings saying that "prospects have never been better for Anglo-Italian industrial collaboration in the telecommunication sector."

But he added that it was "now up to the companies concerned to see whether they would like to take the advantages which are available."

The Fiat-Stet plan for an Anglo-Italian partnership is seen in Italy as a practical way of achieving the necessary "critical mass" needed to compete more effectively on the world market.

But political problems could imperil the formation of Telit in Italy and the executives involved also recognise that it is one thing to seek an accord with Plessey and GEC and quite another to get the two UK companies to agree to co-operate between themselves.

The creation of Telit would see Fiat and Stet each holding 49 per

cent of the equity, with the remaining 4 per cent in the hands of a "public" bank such as Mediobanca.

For the purposes of the Telit merger Fiat's Telettra subsidiary has been valued at around L400bn (\$300m) and Stet's Italtel at around L800bn.

So, to achieve shareholding parity with Stet, Fiat is expected to contribute the whole of Telettra to the Telit venture and also make a payment of around L170bn (the difference between its L400bn valuation and the value of 49 per cent of Telit).

Many members of the Socialist party in Italy fear that Stet, which is influenced by the rival Christian Democrats, is "giving away" state control of assets in a strategic sector.

"By the time the Anglo-Italian deal is done the Italian state portion of Telit will have been diluted away to a minority percentage. And, in any case, Fiat will have an effective veto," one senior Socialist party member said.

The Christian Democrats reject this argument and say the Socialists are merely engaged in a struggle for power and patronage.

## Total expands US assets in \$120m deal

By Our Paris Correspondent

TOTAL-COMPAGNIE Française des Pétroles, the French oil company, is expanding its US activities with a \$120m deal to buy the oil assets of Texas International.

Minatome, Total's US subsidiary, has reached agreement with Texas International and its subsidiaries Texas International Petroleum and Phoenix Resources, to buy most of their oil exploration and production assets.

The base price for the deal of \$120m will be adjusted in line with operations carried out between the end of 1986 and the date at which the acquisition goes through.

For Minatome, which has embarked on a programme of offshore exploration in the Gulf of Mexico, the agreement is the second big purchase in recent weeks.

In December, Minatome bought out Lear Petroleum Partners - which was active in oil exploration and production, mainly in Louisiana, Oklahoma, Texas, Kansas and New Mexico - for a base price of \$115m.

Total's operating performance has shown strong improvements over the past year, but like other oil companies it has had to write down the value of stocks.

## Rauma-Repola falls into loss

RAUMA-REPOLA, the Finnish shipbuilding, metals and forest products group, has fallen into the red for 1986, turning a pre-tax profit of FM 291m (\$64m) into a deficit of FM 169m.

The company said the setback resulted from engineering losses, re-organisation costs and flat trading on the shipbuilding side. Turnover last year dipped to FM 7.04bn from FM 7.99bn.

## Bid pressure mounts on Borg-Warner

BY WILLIAM HALL IN NEW YORK

MR IRWIN JACOBS, the Minneapolis investor, yesterday turned up the pressure on Borg-Warner, the embattled Chicago conglomerate, and informed the company that he would attempt to "seek control through a tender offer" if a "friendly deal" cannot be arranged.

Mr Jacobs said late last year that he was interested in discussing a possible negotiated purchase of Borg-Warner within a price range of \$45 to \$48 per share, subject to a due diligence review of the company.

The offer valued the company at up to \$4.1bn. Borg-Warner's shares, which have fallen to participate in the recent sharp rally on Wall Street, rose by \$1 1/4 to \$4 1/8 in early trading yesterday.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

In a letter to Borg-Warner, Mr Jacobs said he would prefer to purchase the company in "the spirit of a friendly deal" but warned that if the Borg-Warner board did not co-operate, he intended to seek control through a tender offer "which may be at a different price from what we might offer in a negotiated transaction."

Many analysts continue to be sceptical of Mr Jacobs' intentions in seeking to take over the company and have suggested that he is more interested in making a handsome profit on his investment stake.

Borg-Warner's ability to remain independent is made more difficult since GAF Corporation, another corporate raider, owns 9.5 per cent of the company and has not indicated what it plans to do with its stake.

Mr Jacobs' group of investors is believed to control a 7.8 per cent stake in Borg-Warner and has said in previous filings with the US Securities and Exchange Commission that it is continuing to explore strategies for seeking control.

## Peugeot plans FFr 7bn investment

By George Graham in Paris

AUTOMOBILES PEUGEOT, the French car company, is to invest FFr 7bn (\$1.14bn) in modernising its main plant at Sochaux over the next seven years.

The investments, which mean diverting the river Allain and the Rhine-Rhône canal, aim to create a production centre with a capacity of 1,800 cars a day.

A new foundry, press works, paintshop and assembly plant will be built on the Sochaux site, close to the French-Swiss border.

Unlike recent Peugeot investment at its Poissy and Mulhouse plants, the project is aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 500m in the engine plant; FFr 220m in the stamping works; FFr 180m in the paintshop and FFr 212m in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president, said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

Citroën, the group's other car division, raised sales by 9.6 per cent to FFr 35.1bn.

Mr Boillot said the project was aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 500m in the engine plant; FFr 220m in the stamping works; FFr 180m in the paintshop and FFr 212m in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president, said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

Citroën, the group's other car division, raised sales by 9.6 per cent to FFr 35.1bn.

Mr Boillot said the project was aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 500m in the engine plant; FFr 220m in the stamping works; FFr 180m in the paintshop and FFr 212m in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president, said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

Citroën, the group's other car division, raised sales by 9.6 per cent to FFr 35.1bn.

Mr Boillot said the project was aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 500m in the engine plant; FFr 220m in the stamping works; FFr 180m in the paintshop and FFr 212m in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president, said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

Citroën, the group's other car division, raised sales by 9.6 per cent to FFr 35.1bn.

Mr Boillot said the project was aimed at general modernisation rather than at equipping the works for a specific new car model.

The investments include FFr 170m in a foundry using the "lost foam process"; FFr 500m in the engine plant; FFr 220m in the stamping works; FFr 180m in the paintshop and FFr 212m in the fitting and assembly plant.

Mr Jean Boillot, Automobiles Peugeot president, said the production techniques at the plant would allow the company to reduce its level of stocks of parts and components from an average of 5.5 days to 3.5 days.

Automobiles Peugeot, with its subsidiaries, increased sales last year by 2.5 per cent to FFr 59.7bn, while Peugeot SA, the group's parent company, recorded a 4.6 per cent increase to FFr 104.9bn.

## Buoyant Coca-Cola jumps 38%

BY ANATOLE KALETSKY IN NEW YORK

COCA-COLA reported a 38 per cent jump in net income last year to \$334m, as its soft drinks, entertainment and food divisions all enjoyed substantial volume growth and the weak dollar provided big currency translation gains from the company's international operations.

Earnings per share were boosted by 41 per cent to \$2.42 and soon after announcing the results, Coca-Cola declared a dividend increase from 26 cents to 28 cents a share.

Return on equity, at 22.8 per cent, was the highest in 45 years, the company said.

Operations were significantly affected by the public flotation of a 51 per cent stake in Coca-Cola Enterprises, the soft-drinks bottling subsidiary and all results only reflect Coca-Cola's continuing operations.

In the fourth quarter, net income from these operations was \$314m, or 82 cents a share, more than double the level achieved the year before, when Coca-Cola suffered unusual one-time charges.

The sale of Coca-Cola Enterprises generated a non-cash gain of \$375m before tax, reflecting the difference between the public offering price and the bottling operations' book value.

This benefit was partly offset by a non-cash charge of \$180m to cover the company's disinvestment and restructuring in South Africa.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

per cent stake in Coca-Cola Enterprises, the soft-drinks bottling subsidiary and all results only reflect Coca-Cola's continuing operations.

In the fourth quarter, net income from these operations was \$314m, or 82 cents a share, more than double the level achieved the year before, when Coca-Cola suffered unusual one-time charges.

The sale of Coca-Cola Enterprises generated a non-cash gain of \$375m before tax, reflecting the difference between the public offering price and the bottling operations' book value.

This benefit was partly offset by a non-cash charge of \$180m to cover the company's disinvestment and restructuring in South Africa.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.

Volume gains in the soft drinks operation amounted to 7 per cent in North America and 12 per cent internationally. Combined with the sharp decline in the dollar, this boosted operating income from soft drinks to \$1.02bn, or 86 per cent of combined operating income from all.

Television business also performed strongly, with a 46 per cent gain in operating income to \$235m.

The net result of these non-recurring items was to boost net earnings per share by 35 cents, the company said.



## INTERNATIONAL COMPANIES and FINANCE

Astra  
boosts  
sales at  
year-end

By Sara Webb in Stockholm

ASTRA, Sweden's leading pharmaceuticals group, reported a 14 per cent rise in pre-tax profits for 1986, while group sales increased by 12 per cent.

Group profits before appropriations and taxes rose to SKr 1.15bn (\$175m), compared with SKr 1.01bn in 1985. The rise was mainly due to increased earnings from its West European subsidiaries.

Group sales increased to SKr 4.96bn, compared with SKr 4.44bn the previous year. The increase is the result of higher sales volumes, with overseas sales accounting for 83 per cent of the total.

Astra said sales had increased particularly strongly in West Germany, which has become the group's biggest market, ahead of Sweden.

Among the various product areas, sales of agents for respiratory diseases showed the strongest increase, rising 18 per cent to SKr 1.04bn.

Sales of cardiovascular agents rose 9 per cent to SKr 1.47bn, while sales of local anaesthetics rose 7 per cent to SKr 1.13bn.

The board proposes raising the dividend from SKr 3 to SKr 3.75. Astra forecasts an 11 per cent increase in sales for 1987 (to SKr 5.5bn) and says that profits before taxes and allocations should rise at the same rate.

Crédit Suisse advances  
to record SFr 566m

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, one of Switzerland's "big three" banks, is to propose unchanged dividends of SFr 100 per bearer share and SFr 20 per registered share, following a 12 per cent rise in net profits last year to a record SFr 566m (\$365m).

However, the payout will be on increased capital of SFr 1.6bn and will mean a 10 per cent growth in the dividend total to SFr 320.3m. At the same time, the affiliated company CS Holding will increase its dividends from SFr 6 to SFr 7 per bearer participation certificate and from SFr 1.20 to SFr 1.40 per registered participation certificate. These certificates are linked to the respective categories of bank shares.

CS Holding showed a 27 per cent improvement in 1986 net profits to SFr 23.1m.

The rise in Credit Suisse earnings was due primarily to the expansion of securities business. Net commissions went up 16 per cent to SFr 1.03bn, reflecting record stock-market and underwriting activities, while income from securities increased 21 per cent to SFr 485.8m.

Among other major earnings, net interest and discounts grew 2.8 per cent to SFr 829.2m and profits on foreign exchange and precious metals trading by 8 per cent to SFr 323.2m.

Despite the weaker dollar, the bank's balance sheet expanded 17 per cent last year to a new high of SFr 103.7bn. At unaltered exchange rates, growth would have been as

much as 26 per cent, management chairman, Mr Robert Jeker, said yesterday.

Loans and advances rose 11 per cent within the assets total to SFr 44.3bn, due mainly to increased domestic business. The due-from-banks figure went up to 29 per cent, following a 32 per cent jump in time deposits, to SFr 27.8bn.

On the liabilities side, clients' funds increased 12 per cent to SFr 64.8bn, while the due-to-banks total rose 34 per cent to SFr 27.4bn.

Mr Jeker forecast "good results again" for 1987. However, he warned against what he called exaggerated expectations, and said this year and next would not necessarily show as marked an upswing as 1986.

Buoyant  
Danske  
Bank  
up 26%

By Hilary Barnes in Copenhagen

DANSKE BANK boosted its 1986 earnings before extraordinary items by 26 per cent to DKr 1.27bn (\$185m).

This was double the earnings of its nearest rival, Copenhagen Handelsbank, which Danske has now outdistanced in terms of advances, deposits, equity capital and balance sheet totals.

Earnings before depreciation and loss provisions increased by a more modest 3.8 per cent to DKr 1.61bn. Net earnings were hit by large unrealised losses on its bond and share portfolio of DKr 1.5bn, reflecting falling bond and share prices in Copenhagen last year.

Under the Danish bank accounting system, unrealised losses or gains on securities are entered directly into the profit and loss account in the year in which they take place.

The pre-tax net profit was cut from DKr 3.64bn to DKr 1.88bn and net profits from DKr 1.87bn to DKr 52m.

The bank's equity capital increased from DKr 7.49bn to DKr 8.04bn within a balance sheet total up from DKr 129bn to DKr 132bn.

Privatbanken, the third largest commercial bank, improved its earnings before extraordinary items by 61 per cent to DKr 61m, while net profits fell to DKr 61m from DKr 510m in 1985.

## Way clear for Lanerossi sale

BY JOHN WYLES IN ROME

THE ITALIAN Government has cleared the way for what may turn out to be an auction of the Lanerossi textile subsidiary of ENI, the state energy company.

Having made a determined effort in the past four years to turn the company around, ENI has formally judged it a suitable case for privatisation because it does not represent a "strategic" interest for the state sector.

The Government's inter-ministerial committee for industrial policy has now endorsed this judgment with a series of guidelines for its sale.

Principally, these forbid the breaking up of the group although separate sales might be allowed of Lanerossi di Schio, Lebole Moda, Marlane and Cotonificio di Sondrio.

Prospective purchasers would be required to give broad policy guarantees, including some protection for the company's 7,000 workers.

After more than a decade of losses, Lanerossi is now breaking even thanks to a L40bn (\$30.7m) investment programme and the spinning off of four companies.

Among those reportedly interested in acquiring Lanerossi are Italy's own Benetton, the UK's Vantona Virella and the French company Dolfus Mieg.

The Government's inter-ministerial committee for industrial policy has now endorsed this judgment with a series of guidelines for its sale.

Principally, these forbid the breaking up of the group although separate sales might be allowed of Lanerossi di Schio, Lebole Moda, Marlane and Cotonificio di Sondrio.

Prospective purchasers would be required to give broad policy guarantees, including some protection for the company's 7,000 workers.

These securities are not registered under the United States Securities Act of 1933 and may not be offered, sold, or delivered, directly or indirectly, in the United States or to United States persons unless an exemption from registration is available. This announcement appears as a matter of record only.

February, 1987



Fuji Photo Film B.V.

U.S.\$100,000,000

Eurocommercial Paper Programme

Unconditionally and irrevocably guaranteed by

Fuji Photo Film Co., Ltd.

Arranged by

Nomura International Limited

Dealers

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Merrill Lynch Capital Markets

Mitsui Finance International Limited

Nomura International Limited

All of these securities have been sold, this announcement appears as a matter of record only.



The Dorsey Corporation

573,078

Common Stock Purchase Warrants

PaineWebber Incorporated

February 20, 1987

U.S.\$200,000,000

First Chicago Corporation

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 6.7875% per annum. The Coupon Amount payable on the 19th May, 1987 will be US\$167.80. Manufacturers Hanover Limited Agent Bank

This announcement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or an invitation to the public to subscribe for or to purchase, any securities.

## General Motors Acceptance Corporation (U.K.) Finance plc

(Incorporated in England)

£40,000,000

10½ per cent. Notes 1992

guaranteed as to payment of principal and interest by

## General Motors Acceptance Corporation

(Incorporated in the State of New York)

Issue Price 101½ per cent. and accrued interest, if any

The following have agreed to subscribe or procure subscribers for the Notes:

Hambros Bank Limited

Banque Bruxelles Lambert S.A.

Banque Générale du Luxembourg S.A.

Banque Paribas Capital Markets Limited

Chemical Bank International Limited

Crédit Lyonnais

Credit Suisse First Boston Limited

Generale Bank

Istituto Bancario San Paolo di Torino

Kleinwort Benson Limited

Lloyds Merchant Bank Limited

Merrill Lynch International &amp; Co.

Samuel Montagu &amp; Co. Limited

Morgan Stanley International

Norddeutsche Landesbank Girozentrale

Salomon Brothers International Limited

Société Générale

Swiss Bank Corporation International Limited

S. G. Warburg Securities

Application has been made for the Notes, in bearer form in the denomination of £1,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on 2nd March, the first payment being made on 2nd March, 1988.

Particulars of the Notes are available in the statistical services of Exel Financial Limited. Listing particulars for the Notes may be obtained during usual business hours up to and including 24th February, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 6th March, 1987 from the following:-

Hambros Bank Limited,  
41 Bishopsgate,  
London EC2P 2AA

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN

Banque Belge Limited,  
4 Bishopsgate,  
London EC2N 4AD

General Motors Acceptance Corporation (U.K.) Finance plc,  
Wesley House, 19 Chapel Street, Luton LU1 2SE

The Securities referred to above have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories or its possessions or to United States persons. 20th February, 1987

## GUARANTEED INVESTMENT CONTRACTS

- US \$ Fixed Income Investments
- Offered by AAA Insurance Companies
- Yields Superior to Corporate Bonds
- 125 to 200 Basis Points Above Treasury Yield Curve
- No IRS Withholding
- Contract Sizes of \$5 Million to \$100 Million
- Simple or Compound Interest

## PACIFIC MATRIX

financial group

15303 Ventura Boulevard, Suite 900  
Sherman Oaks, California 91403  
(318) 501-0966 FAX (818) 788-1904



## The Kingdom of Denmark

U.S.\$500,000,000  
Floating Rate Notes Due February 2004  
For the six months

19th February, 1987 to 19th August, 1987  
the Notes will carry an interest rate of 6.74% per annum with a Coupon Amount of U.S.\$345.66 per U.S.\$10,000 Note and U.S.\$841.49 per U.S.\$250,000 Note, payable on 19th August, 1987.  
Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

Pensions  
-The Time for  
Action

19 & 20 March 1987,  
London



For information please return this advertisement, together with your business card, to:  
Financial Times  
Conference Organisation  
Minister House, Arthur Street,  
London EC4R 3AX.  
Alternatively, telephone 01-621 1355  
or telex 27347 FTCONF G

## CITICORP BANKING CORPORATION

(Incorporated with limited liability in the State of Delaware)  
U.S.\$50,000,000 Floating Rate Notes due August 20, 1989

Notice is hereby given that the Rate of Interest for the period February 20, 1987 to May 20, 1987 has been fixed at 6.7% and that the interest payable on the relevant Interest Payment Date, May 20, 1987 against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$165.64.

February 20, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

£100,000,000 Guaranteed Floating Rate Notes due 1991

Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 10¼% and that the interest payable on the relevant Interest Payment Date, May 19, 1987, against Coupon No. 13 in respect of £50,000 nominal of the Notes will be £1,280.14 and in respect of £5,000 nominal of the Notes will be £128.01.

February 20, 1987, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Notice to all Bondholders and all Warrantholders of

OHBAYASHI-GUMI, LTD.

(NOW OHBAYASHI CORPORATION)

US\$50,000,000 7¼ per cent.

Bonds due 1989 with Warrants

Notice is hereby given that effective 16 February, 1987 Mitsui Finance International Limited, (Custodian) has changed its address to 3 London Wall Building, London Wall, London EC2M 5PD.

OHBAYASHI CORPORATION  
By: The Tokyo-Mitsui Banking Co., Ltd.  
as Principal Paying Agent

Dated 20 February, 1987

NOTICE OF INTEREST RATE

KINGDOM OF DENMARK

ECU 150,000,000

Floating Rate Notes

Due 1990

NOTICE IS HEREBY GIVEN that the interest rate covering the interest payment period from February 15, 1987 to May 15, 1987 (59 calendar days) has been fixed at 7.1882%. The accumulated interest rate factor per ECU 1,000 denomination is 17.782694.

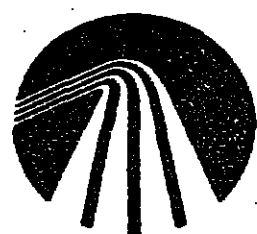
CITIBANK, N.A., Agent  
February 18, 1987



*All of these securities having been sold, this announcement appears as a matter of record only.*

February 13, 1987

12,500,000 Shares



**HIMONT Incorporated**

**Common Stock**

(\$1.00 par value)

10,250,000 Shares

*This portion of the offering is being offered in the United States and Canada by the undersigned.*

**WERTHEIM SCHRODER & Co.**  
Incorporated

**THE FIRST BOSTON CORPORATION**

**GOLDMAN, SACHS & Co.**

|   |                                       |   |  |
|---|---------------------------------------|---|--|
| BEAR, STEARNS & CO. INC.                      | ALEX. BROWN & SONS<br>Incorporated    | DILLON, READ & CO. INC.                   | DONALDSON, LUFKIN & JENRETTE<br>Securities Corporation |
| DREXEL BURNHAM LAMBERT<br>Incorporated        | HAMBRECHT & QUIST<br>Incorporated     | E. F. HUTTON & COMPANY INC.               | KIDDER, PEABODY & CO.<br>Incorporated                  |
| LAZARD FRÈRES & CO.                           | MERRILL LYNCH CAPITAL MARKETS         | MONTGOMERY SECURITIES                     | MORGAN STANLEY & CO.<br>Incorporated                   |
| PRUDENTIAL-BACHE CAPITAL FUNDING              | ROBERTSON, COLMAN & STEPHENS          | L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC. |  |
| SALOMON BROTHERS INC                          | SHEARSON LEHMAN BROTHERS INC.         | DEAN WITTER REYNOLDS INC.                 | EBERSTADT FLEMING INC.                                 |
| ALLEN & COMPANY<br>Incorporated               | WILLIAM BLAIR & COMPANY               | A. G. EDWARDS & SONS, INC.                | MOSELEY SECURITIES CORPORATION                         |
| OPPENHEIMER & Co., INC.                       | THE ROBINSON-HUMPHREY COMPANY, INC.   |   | THOMSON MCKINNON SECURITIES INC.                       |
| ADVEST, INC.                                  | ARNHOLD AND S. BLEICHROEDER, INC.     | ROBERT W. BAIRD & Co.<br>Incorporated     | BATEMAN EICHLER, HILL RICHARDS<br>Incorporated         |
| SANFORD C. BERNSTEIN & Co., INC.              | J.C. BRADFORD & Co.<br>Incorporated   | BUTCHER & SINGER INC.                     | COWEN & Co.  |
| DAIN BOSWORTH<br>Incorporated                 | EPPLER, GUERIN & TURNER, INC.         | FAHNESTOCK & CO. INC.                     | FURMAN SELZ MAGER DIETZ & BIRNEY<br>Incorporated       |
| JANNEY MONTGOMERY SCOTT INC.                  | LADENBURG, THALMANN & CO. INC.        | CYRUS J. LAWRENCE<br>Incorporated         | LEGG MASON WOOD WALKER<br>Incorporated                 |
| MCDONALD & COMPANY<br>Securities, Inc.        | NEUBERGER & BERMAN                    | THE OHIO COMPANY                          | PRESCOTT, BALL & TURBEN, INC.                          |
| ROTAN MOSLE INC.                              | STEPHENS INC.                         |   | TUCKER, ANTHONY & R. L. DAY, INC.                      |
| WHEAT, FIRST SECURITIES, INC.                 | ADAMS, HARKNESS & HILL, INC.          |   | BREAN MURRAY, FOSTER SECURITIES INC.                   |
| THE BUCKINGHAM RESEARCH GROUP<br>Incorporated | CAROLINA SECURITIES CORPORATION       | THE CHICAGO CORPORATION                   | DOFT & Co., INC.                                       |
| FIRST ALBANY CORPORATION                      | FIRST MANHATTAN CO.                   | FIRST SOUTHWEST COMPANY                   | GRUNTAL & Co., INCORPORATED                            |
| HANIFEN, IMHOFF INC.                          | INTERSTATE SECURITIES CORPORATION     |   | INVESTMENT CORPORATION OF VIRGINIA                     |
| JOHNSON, LANE, SPACE, SMITH & Co., INC.       | JOHNSTON, LEMON & Co.<br>Incorporated |   | MABON, NUGENT & Co.                                    |
| NEEDHAM & COMPANY, INC.                       | PARKER/HUNTER<br>Incorporated         |   | ANANTHA RAMAN & COMPANY, INC.                          |
| R. ROWLAND & Co.<br>Incorporated              | SEIDLER AMDEC SECURITIES INC.         |   | SWERGOLD, CHEFITZ & SINSABAUGH, INC.                   |

2,250,000 Shares

*This portion of the offering is being offered outside the United States and Canada by the undersigned.*

**WERTHEIM SCHRODER INTERNATIONAL LIMITED**

**CREDIT SUISSE FIRST BOSTON LIMITED**

**GOLDMAN SACHS INTERNATIONAL CORP.**

**BANQUE NATIONALE DE PARIS**

**CAZENOVE & Co.**

**DEUTSCHE BANK CAPITAL MARKETS LIMITED**

**EBC AMRO BANK LIMITED**

**ISTITUTO BANCARIO SAN PAOLO DI TORINO**

**SWISS BANK CORPORATION INTERNATIONAL LIMITED**

**UNION BANK OF SWITZERLAND (SECURITIES) LIMITED**





**AECI LIMITED**  
(Reg. No. 040250076)

### 1986 AUDITED RESULTS

Turnover up 20% to R2 819 million  
Net trading income up 31% to R332 million  
Earnings per ordinary share up 53% to 113 cents  
Ordinary dividend increased by 5 cents to 60 cents

#### Trading results

The directors announce the audited trading results of the Group for the year ended 31 December 1986 as follows:

|  | R millions | 1986  | 1985 |
|--|------------|-------|------|
| Turnover (1)                                     | 2 819      | 2 340 |      |
| Net trading income                               | 332        | 253   |      |
| Financing costs (2)                              | 69         | 91    |      |
| Taxation   | 283        | 182   |      |
| Investment income (3)                            | 155        | 53    |      |
| Net income                                       | 180        | 118   |      |
| Preference and outside shareholders' interest    | 5          | 4     |      |
| Net income attributable to ordinary shareholders | 175        | 114   |      |
| Earnings per share                               | 113c       | 74c   |      |

(1) Includes exports of R236 million (1985 - R233 million).

(2) Includes unrealised exchange differences of R25 million (1985 - R26 million) on foreign borrowings.

(3) Includes share of after tax net income of associated companies and dividends from foreign subsidiaries.

#### Dividends

Preference dividend No 97 at the rate of 5.5 per cent per annum for the six months ended 15 December 1986 has been declared and paid. The Board has declared a final ordinary dividend of 35 cents per share. This, together with the interim dividend of 25 cents per share, makes the total distribution for the year 60 cents per share (1985 - 55 cents). Dividend cover has increased to 1.9 (1985 - 1.3).

#### Comments

The volume of domestic sales was 4% higher than in 1985. Substantial increases were recorded in chemicals, plastics and fibres while those sectors of the business more directly associated with consumer demand experienced little if any growth. Export turnover improved marginally despite the higher domestic off-take having reduced the availability of product for sale internationally.

The significant improvement in net trading income stemmed largely from the higher domestic volume together with strict control over fixed operating costs and overheads. Financing costs reduced by 24% as a result of favourable movements in interest and foreign exchange rates, the benefit of improved cash flow and tight asset management.

The effects of international boycotts and sanctions on trading during 1987 are difficult to assess but various positive indicators suggest the likelihood of moderate economic growth this year, given continued summer rains and reasonable stability in the social and industrial environment. On balance, therefore, it is expected that earnings will show further improvement in 1987.

The annual report will be posted to shareholders during March.

On behalf of the Board

G W H Rolly | Directors  
M A Sander |

#### Declaration of ordinary dividend No 105

NOTICE IS HEREBY GIVEN that a final dividend of 35 cents per share, in respect of the year ended 31 December 1986, has been declared to holders of ordinary shares registered in the books of the Company at the close of business on 27 March 1987.

Cheques in payment will be posted from the offices of the transfer secretaries in Johannesburg on 24 April 1987. Changes of address or dividend instructions to apply to this dividend must be received not later than 27 March 1987. Interests of the Income Tax Act, dividends payable to persons not ordinarily resident nor carrying on business and to companies not registered nor carrying on business in the Republic of South Africa are subject to deduction of non-resident shareholders' tax at the rate of 13.7025%. The transfer books and register of members will be closed from 28 March to 10 April 1987, both days inclusive.

By order of the Board  
M J F Potgieter  
Secretary

18 February 1987

#### Transfer secretaries:

Consolidated Share Registrars Limited  
40 Commissioner Street  
Johannesburg  
and

Registered office:  
16th Floor, Office Tower  
Carlton Centre  
Johannesburg

Hill Samuel Registrars  
6 Greenoak Place  
London SW1P 1PL  
England

## INTL. COMPANIES AND FINANCE

### Kuala Lumpur eases limit on foreign broking stakes

By WONG SULONG IN KUALA LUMPUR

THE Kuala Lumpur Stock Exchange is now willing to allow foreign stockbrokers to take more than the present limit of 30 per cent equity in local broking firms.

Mr Nik Mohamad Din, KLSE chairman, said yesterday, however, that the objective must be the introduction of expertise and new business to the exchange, and not to allow the foreign firms to compete with local brokers.

He was commenting on moves by the Singapore authorities to allow foreign partners to take up as much as 70 per cent in

Singapore broking companies. Since the Malaysian authorities announced approval for the so-called "corporatisation" of the KLSE a year ago, only one foreign company, W. I. Carr, has taken up a 30 per cent stake in a Malaysian securities firm, Seagroatt and Campbell.

A local merchant bank, Arab Malaysian Merchant Bank, has taken a 61 per cent stake in Kris Securities, since renamed Arab Malaysian Securities.

Foreign brokers have welcomed Mr Nik Din's statement. They say the 30 per cent equity limit for foreign participation is

quite acceptable, but this rule should be flexible.

Mr Nik Din said three local banks and two other financial institutions were in the final stages of negotiations to invest in brokers.

He said there had been renewed foreign interest in the Malaysian exchange, as evidenced by the good response by foreign institutional investors who have taken up large blocks of shares in Malaysian Airline System, Sime Darby, Consolidated Plantations, and New Straits Times.

### Australian horse-racing stable to go public

By Chris Sherwell in Sydney

A COMPANY linked to a well-known Australian horse-racing trainer and breeder is going public in a unique attempt to profit from the country's thriving thoroughbred livestock and racing industries.

Called Tulloch Lodge, the company aims to raise A\$15m (US\$10m) from the flotation. The trainer is Mr Tommy (T. J.) Smith, aged 67, who between 1952 and 1985 was the leading trainer in New South Wales.

On offer are 30m fully paid ordinary shares of 40 Australian cents each in Tulloch Lodge, issued at a premium of 10 cents, and options to acquire one share for every two taken up through this issue.

Funds will be used to buy assets currently held on option by Tulloch Lodge. These include Mr Smith's horse training and bloodstock dealing activities, the lease of the Tulloch Lodge stable complex, and certain rural properties.

A prospectus released this week forecasts "good growth" for the thoroughbred bloodstock and racing industry. It says Australia now offers the world's highest total prize money per year after the US, and that this leads to increases in the value of bloodstock.

However, the document also points out that the industry "involves risks commensurate with potential profits." The principal source of income initially will be from pre-training charges, training fees, prize money and the short-term investment of unused capital.

Income from breeding stock retained at the end of horses' racing careers will take about five years to become a major source of income, the prospectus says.

Because bloodstock purchases made at yearling sales will take 18 to 24 months to assess, income from bloodstock trading in the first two years will be minimal.

Mr Smith will receive A\$2.25 for his horse training and, in becoming joint managing director under a service agreement with the company, he will also receive A\$150,000 a year and an annual bonus of A\$35,000 for each A\$1m net profit generated by the company's activities.

### Canon's profits tumble by 69%

By YOKO SHIBATA IN TOKYO

CANON, Japan's top maker of cameras and office automation equipment, suffered a 69 per cent drop in pre-tax profits to ¥13.18bn (\$55.72m) last year, with its high proportion of exports adversely hit by the yen's steep appreciation.

It forecast further steep declines in earnings this year and, although Canon is maintaining the latest annual dividend at ¥12.50 a share, the company foreshadowed a cut to ¥10 in the 1987 payment unless prospects improve.

Net profits were 58.8 per cent lower at ¥11.1bn, on turnover of ¥339.36bn, down 6.3 per cent from 1985.

The absence of an automatic

focus camera in its product line, along with a sharp fall in volume exports in the second half, contributed to a 12 per cent fall in camera sales—these accounted for 22 per cent of the total turnover.

Sales of office equipment remained sluggish, down 2 per cent to account for 73 per cent of the total, despite buoyant demand for laser-beam printers and facsimile machines. Optical equipment sales fell by a quarter, affected by a steep slide in semiconductor manufacturing equipment.

Exports fell 6 per cent to account for 74 per cent of the total turnover. Export revenue fell by ¥116bn despite a ¥80bn

programme involving mark-ups of selling prices overseas, cuts in production costs and hedging in the forward currency market.

For the current year, Canon sees an operating deficit as inevitable if the yen exchange rate does not improve. Camera sales are expected to recover with the introduction of an autofocus range. The company also intends to expand sales of new products such as home-use photocopiers.

Overall, sales are expected to increase by 2 per cent to ¥550bn. Pre-tax profits are forecast at ¥5bn, down 62 per cent, and net earnings at ¥3bn, down 73 per cent.

### Steady first-half gain for Bond Corporation

By Our Financial Staff

BOND CORPORATION Holdings, Mr Alan Bond's Australian master company, boosted net profits 28.8 per cent to A\$2.9m (US\$3.2m) in its first half to December, which it attributed largely to growth in its Swan and Castlemaine Tooheys brewing business.

Brewing profits rose 52.6 per cent to contribute A\$1.21m to operating earnings. The corporate division—reflecting share trading and portfolio income—was the second largest contributor, but provided 6.3 per cent less than in the previous period at A\$23.9m.

Mr Bert Reuter, chief general manager of Mr Robert Holmes à Court's Bell Group, has resigned to pursue his own interests.

### Renison Goldfields income 124% ahead at mid-term

By STEFAN WAGSTYL

RENISON GOLDFIELDS Consolidated, the 49 per cent-owned associate of the UK's Consolidated Gold Fields yesterday announced a 124 per cent increase in interim net profits to A\$22.78m (US\$13.2m) due to higher prices and output in the group's mineral sands division.

Pre-tax profits from mineral sands rose 88 per cent to A\$28.66m in the half year to December. Profits from 60 per cent-owned Pine Creek Goldfields, which is expanding production, were A\$7.42m pre-tax, against a loss of A\$1.08m. New Guinea Gold profits rose to A\$1.06m pre-tax from A\$354,000.

However, Renison Tin, suffering from the fall in prices following the default of the Inter-

national Tin Council, dropped to A\$625,000 from A\$2.98m. Profits at the ageing Mount Lyell copper mine in Tasmania slipped to A\$1.38m from A\$1.4m.

Turnover was A\$175.95m against A\$111.38m previously. Net earnings per share rose to 28.8 cents from 15.3 cents. The payout is unchanged at 5 cents.

The group says Pine Creek, in the Northern Territory, is to expand its gold output from 55,000 oz a year to 90,000 oz by installing a new ball mill and other plant at a cost of A\$8m. Reserves at the mine are now put at 8.33m tonnes grading 2.36 grams a tonne. The partner in Pine Creek is Enterprise Gold Mines.

### Guaranteed Export Finance Corporation PLC

(Incorporated in England with limited liability)

U.S.\$150,000,000

7½ per cent. Guaranteed Notes due 1997

Unconditionally and irrevocably guaranteed  
by  
The Secretary of State for Trade and Industry of  
Her Britannic Majesty's Government  
acting by  
the Export Credits Guarantee Department

Issue Price of the Notes: 101 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Lloyds Merchant Bank Limited

Samuel Montagu & Co. Limited

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Barclays de Zoete Wedd Limited

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited

Kleinwort Benson Limited

Morgan Grenfell & Co. Limited

Morgan Stanley International

Orion Royal Bank Limited

Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited

Bank of Tokyo International Limited

Banque Paribas Capital Markets Limited

County NatWest Capital Markets Limited

Daiwa Europe Limited

Goldman Sachs International Corp.

Merrill Lynch International & Co.

Morgan Guaranty Ltd

Nomura International Limited

Salomon Brothers International Limited

Swiss Bank Corporation International Limited

S.G. Warburg Securities

Application has been made for the Notes, in bearer form in the denomination of U.S.\$ 10,000 each, constituting the above issue to be admitted to the Official List by the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, subject only to the issue of the temporary Global Note. Interest on the Notes will be payable annually in arrears on 5th March, commencing on 5th March, 1988.

Listing particulars relating to the Notes and Guaranteed Export Finance Corporation PLC are available in the statistical services of Exel Statistical Services Limited and copies may be obtained during usual business hours from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 24th February, 1987 or during usual business hours at the addresses shown below up to and including 6th March, 1987.

Guaranteed Export Finance Corporation PLC,  
68, King William Street,  
London EC4N 7BU

Lloyds Merchant Bank Limited,  
40-46, Queen Victoria Street,  
London, EC4P 4EL

The Chase Manhattan Bank, N.A.,  
Woolgate House, Coleman Street,  
London, EC2P 2HD

Cazenove & Co.,  
12, Tokenhouse Yard,  
London, EC2R 7AN

20th February, 1987

This announcement appears as a matter of record only.

January 1987

### Derek Crouch PLC

has been acquired by

### Ryan International plc

We acted as financial advisor to  
Derek Crouch PLC

PaineWebber International Capital Inc.

#### NOTICE OF REDEMPTION

To Holders of

SUMITOMO METAL

INDUSTRIES, LTD.

(Sumitomo Kinokuniya Group (Kobe) Ltd.)

6% Convertible Debentures

Due March 31, 1992

(The "Debentures")

NOTICE IS HEREBY GIVEN, that Eighty Five Thousand Dollars (\$85,000) principal amount of the Debentures and bearing the following serial numbers, have been drawn for redemption for amount of the Serial Bonds on March 31, 1987 at 100% of the principal amount thereof, together with interest accrued to that date.

DEBENTURES IN DENOMINATION OF \$1,000 EACH

|     |     |     |     |     |
|-----|-----|-----|-----|-----|
| 291 | 292 | 293 | 294 | 295 |
| 296 | 297 | 298 | 299 | 300 |
| 301 | 302 | 303 | 304 | 305 |
| 306 | 307 | 308 | 309 | 310 |
| 311 | 312 | 313 | 314 | 315 |
| 316 | 317 | 318 | 319 | 320 |
| 321 | 322 | 323 | 324 | 325 |
| 326 | 327 | 328 | 329 | 330 |
| 331 | 332 | 333 | 334 | 335 |
| 336 | 337 | 338 | 339 | 340 |
| 341 | 342 | 343 | 344 | 345 |
| 346 | 347 | 348 | 349 | 350 |
| 351 | 352 | 353 | 354 | 355 |
| 356 | 357 | 358 | 359 | 360 |
| 361 | 362 | 363 | 364 | 365 |
| 366 | 367 | 368 | 369 | 370 |
| 371 | 372 | 373 | 374 | 375 |
| 376 | 377 | 378 | 379 | 380 |
| 381 | 382 | 383 | 384 | 385 |
| 386 | 387 | 388 | 389 | 390 |
| 391 | 392 | 393 | 394 | 395 |
| 396 | 397 | 398 | 399 | 400 |

Holders of the above Debentures should present and surrender them for redemption on or after March 31, 1987, with all coupons appearing thereon maturing after that date at the principal office of any of the following Paying Agents:

The Bank of Tokyo Trust Company,

in New York

The Sumitomo Bank, Limited in Brussels

The Bank of Tokyo, Ltd. in London

Deutsche Bank Aktiengesellschaft in

Frankfurt am Main

The Bank of Tokyo, Ltd. in Paris

The Industrial Bank of Japan, Limited

in London

Swiss Bank Corporation in Zurich

Bank of Tokyo (Luxembourg) S.A.

in Luxembourg

San Jose Bank Corporation in San Jose

From and after March 31, 1987, interest on the

Debentures so called for redemption will cease to

accrue.

HOLDERS OF DEBENTURES SO CALLED

FOR REDEMPTION MAY CONTINUE TO

CONVERT SUCH DEBENTURES INTO

COMMON STOCK OF THE COMPANY BUT

SUCH CONVERSION RIGHT WILL EXPIRE

AT THE CLOSE OF BUSINESS ON MARCH

31, 1987. THE CURRENT CONVERSION

PRICE AT WHICH SUCH DEBENTURES MAY

BE CONVERTED INTO COMMON STOCK IS

US\$1.39 PER SHARE OF COMMON STOCK.

SUMITOMO METAL INDUSTRIES, LTD.

By The Bank of Tokyo

Trust Company as Trustee

Dated: February 13, 1987

#### KLEINWORT BENSON FINANCE B.V.

US \$50 million

Guaranteed Floating Rate Notes 1991

unconditionally and irrevocably guaranteed as to payment of principal, premium (if any) and interest by

KLEINWORT, BENSON, LONSDALE plc

For the three months 20th February 1987 to 20th May 1987, the Notes will carry a Rate of Interest of 6½ per cent. per annum with a Coupon Amount of US \$ 84.98

CHEMICAL BANK INTERNATIONAL LIMITED

Agent Bank

#### Wells Fargo & Company

U.S. \$200,000,000

Floating Rate

Subordinated Notes

due 2000

In accordance with the

provisions of the Notes, notice

is hereby given that for the

Interest period

20th February, 1987 to

20th March 1987

the Notes will carry an Interest

Rate of 6½ per cent. per annum.

Interest payable on the relevant

Rate of 6½ per cent. per annum.

March, 1987 will amount to

US\$51.53 per US\$100,000 Note

and US\$27.64 per US\$50,000

Note.

Agent Bank:

Morgan Guaranty Trust

Company of New York







## Lure of W German financing costs

The industrial market has not had quite the same buoyancy, but demand has been healthy, in Weatherall's assessment. In the UK, by contrast, healthy demand for industrial space has largely been confined to the south-east.

**LEATHERHEAD**  
High-quality two-storey  
**PRODUCTION/OFFICE  
ACCOMMODATION**  
**4,600-9,200 sq ft TO LET**  
All enquiries:  
**EYLES FELLOWS**  
01-630 9421

**100% IBA**  
**Enterprise Zone Investments**  
**BROMBARD**  
**0273-728311**



# RETAIL ENTERPRISE ZONE

## INVESTMENTS FOR SALE

• RETAIL WORLD •

**Parkgate**

ROTHERHAM

SOUTH YORKSHIRE

**100% RELIEF IF PURCHASED BEFORE 31st MARCH 1987**

| Tenant                  | Size (Sq. Ft.) | Rental   | Price   |
|-------------------------|----------------|----------|---------|
| W. H. Smith Do It All   | 40,000         | £210,000 | £3.5m   |
| Stork Babywear          | 15,000         | £75,000  | £1.25m  |
| Jolly Giant             | 14,000         | £70,000  | £1.167m |
| Times Furnishings       | 14,000         | £75,000  | £1.25m  |
| Under Offer             | 40,000         | £200,000 | £3.33m  |
| Queensway               | 40,000         | £180,000 | £3m     |
| Boots (Childrens World) | 30,000         | £150,000 | £2.5m   |
| Harcourt                | 10,000         | £60,000  | £1m     |
| British Shoe Corp.      | 7,000          | £42,000  | £.76m   |
| Carpetland              | 10,000         | £50,000  | £.95m   |
| Dining Room Centre      | 10,000         | £60,000  | £1m     |
| Virgin Records          | 6,300          | £37,800  | £.687m  |
| ELS                     | 30,000         | £150,000 | £2.5m   |
| Bejam                   | 10,000         | £60,000  | £1m     |
| Texas Homecare          | 45,000         | £225,000 | £3.75m  |
| MFI                     | 50,000         | £200,000 | £3.64m  |
| Allied Carpets          | 30,000         | £120,000 | £2.18m  |
| World of Leather        | 15,000         | £75,000  | £1.25m  |
| Poundstretcher          | 10,000         | £50,000  | £.95m   |
| Comet                   | 10,000         | £50,000  | £.95m   |

## TEAM VALLEY GATESHEAD

| Tenant             | Size (Sq. Ft.) | Rental   | Price   |
|--------------------|----------------|----------|---------|
| Texas Homecare     | 45,000         | £225,000 | £3.75m  |
| Queensway          | 40,000         | £180,000 | £3m     |
| British Shoe Corp. | 7,000          | £42,000  | £.76m   |
| Comet              | 10,000         | £60,000  | £1m     |
| Carpetland         | 10,000         | £50,000  | £.95m   |
| Under Offer        | 10,000         | £60,000  | £1m     |
| MFI                | 52,000         | £234,000 | £3.9m   |
| Allied Carpets     | 30,000         | £135,000 | £2.25m  |
| World of Leather   | 12,500         | £62,500  | £1.042m |
| Poundstretcher     | 10,000         | £50,000  | £.95m   |
| Under Offer        | 10,000         | £60,000  | £1m     |
| Stork Babywear     | 15,000         | £75,000  | £1.25m  |
| ELS                | 40,000         | £200,000 | £3.33m  |
| Magnet & Southern  | 30,000         | £150,000 | £2.5m   |
| Jolly Giant        | 15,000         | £75,000  | £1.25m  |
| Times Furnishings  | 15,000         | £75,000  | £1.25m  |
| Halfords           | 15,000         | £75,000  | £1.25m  |

ALL LEASES ARE 35 YEARS F&I LEASE-5 YEAR REVIEWS UPWARD DIRECTION ONLY  
Any unit rental guaranteed by the developer at rental quoted.

Apply to Geoffrey Mason.



**Mason Owen & Partners**

Gladstone House, Union Court, Castle Street, Liverpool L2 4UQ. Telephone: 051-236 2336 Telefax 051-236 2569 Telex 629465

The properties can also be invested in through

**THE CAVE**

**ENTERPRISE**

**RETAIL TRUST**

Minimum of 5 shares at £1,000 per share. Send for full details to:

**Capital Ventures LTD**  
Licensed Dealers in Securities

37 London Road, Cheltenham, Gloucestershire GL52 6HA.

## FT LAW REPORTS

### Court has no power to go behind arbitrator's primary findings

UNIVERSAL PETROLEUM CO LTD v. HANDELS UND TRANSPORT GESELLSCHAFT MBH  
Court of Appeal (Lord Justice Kerr and Lord Justice Nourse): February 17 1987

THE COURT cannot order an arbitrator to give reasons for his primary findings in a reasoned award which is otherwise unappealable. The Court of Appeal so held when allowing an appeal by Universal Petroleum Co Ltd, sellers of oil, from a decision made in chambers by Mr Justice Webster. The judge had granted an application by the buyers Handels und Transport Gesellschaft mbH, for remission of a reasoned arbitration award for further reasons.

Section 1 of the Arbitration Act 1979 provides: (4) The High Court shall not grant leave [to appeal from an arbitration award] unless it considers... determination of the question of law... could substantially affect the rights of one or more of the parties... (5) ... if... (b) ... it appears to the High Court that the award... does not sufficiently set out the reasons for the award, the court may order the arbitrator... to state the reasons...

LORD JUSTICE KERR giving the judgment of the court, said a contract for the sale of a cargo of oil was made by telex in April 1983. It provided for arbitration in England.

There was a dispute about it terms. They included specification of the required density and Reid Vapour Pressure (RVP), which could be measured and stated with precision according to the number of decimals used.

The first issue was whether the specified maximum density and RVP formed part of the contractual description of the cargo, or whether the contractual description was merely "unleaded gasoline" so that the specification was only concerned with quality.

The second issue concerned inspection and certification of the cargo by independent surveyors before loading. There was a dispute as to whether the certificate constituted conclusive evidence. If the contract was simply subject to Incoterms, the certificate was not conclusive. If it also incorporated Exon terms to the extent that the Incoterms were silent, it was conclusive

and binding.

The analysis in the certificate stated the density to four decimals and the RVP to three decimals. The contractual requirements for the first three and two decimals respectively were complied with.

The sellers contended that the additional decimals, purporting to show an excess in density of less than 1/10,000 and in RVP of less than 1/1,000 were irrelevant. The buyers contended the certificate conclusively demonstrated that the cargo constituted breach of condition. They treated the tender as wrongful repudiation of the contract, ordered the vessel to sail without loading and claimed substantial damages.

The arbitrator, Mr Bruce Reynolds, made a reasoned award. He concluded that specified density and RVP did not form part of the contractual description, but were only relevant to quality. Due to the extra decimals he held that the cargo was not in accordance with the contract, but that the sellers "were in no way in repudiatory breach."

Since the claim was solely for wrongful repudiation, he dismissed it altogether.

His reasons included findings that the buyers had confirmed by telex that they had bought "unleaded gasoline," and that in a section of the telex message entitled "quality" they had set out specifications of the product including "Density... RVP... Inspection at load port... General terms and conditions as per Incoterms..."

The buyers sought leave to appeal and/or to remit the award for reconsideration and further reasons.

Their application came before Mr Justice Webster on May 21 1986. They asserted that no reasonable arbitrator could have found that the contract was contained in the telex, and that the goods were "unleaded gasoline."

The judge ordered the arbitrator to state further reasons to elicit the basis of those findings.

The "schedule of further reasons" read like a cross-examination of the arbitrator for the purpose of a rehash in court of the arguments advanced in the arbitration, so that the court might decide whether leave to appeal should be granted in the light of supplemented reasons.

It had been made clear again and again that the Arbitration Act 1979 manifested "Parlia-

ment's intention to promote greater finality in arbitral awards..." (per Lord Diplock, *The Nema* [1982] AC 724).

Mr Justice Webster clearly had misgivings about the application and its outcome, and gave leave to appeal from his decision.

The application was wrong in principle and should have been rejected out of hand.

If the course adopted were correct it would have the most serious implications. There would be no limit on applications designed to circumvent the primary findings of arbitrators.

The court was bound by *The Barenfels* [1985] 1 Lloyd's Rep 528 and the approval that gave to *Mondial Trading* [1980] 2 Lloyd's Rep 378.

In *Mondial Trading* Mr Justice Robert Goff said that the court would generally decline to make an order under section 1 (5) requesting further reasons unless, before the award was made, one of the parties asked the arbitrators to set out in their reasons the evidence on which they based the relevant finding.

In *The Barenfels* Lord Justice Robert Goff said that if an appeal on whether there was evidence to support a finding of fact were to be brought, it must be based on the evidence contained in the award and reasons... and cannot be based on extraneous evidence.

Those authorities were conclusive. The appeal would therefore be allowed and the order for the schedule of further reasons be set aside.

The relevant tests for deciding whether to grant leave to appeal had been laid down in *The Nema* and *The Antaios* [1985] AC 191. But the underlying statutory test must not be forgotten. Under section 1 (4) leave to appeal might only be granted when the answer to the relevant question of law "could substantially affect the rights of one or more of the parties."

Thus if there were several grounds for concluding that a claim succeeded or failed, there must be no remission under subsection 5(b) for more detailed reasons on one of those grounds if the others would or should lead to refusal of leave to appeal.

The reason was that an answer favourable to an applicant for remission under subsection 5(b) on that one ground could not "substantially affect

the rights of the parties" if the existence of the other ground would still lead to refusal of leave on the basis of *The Nema* or *The Antaios*.

Bearing in mind that the exercise of the jurisdiction to grant leave to appeal was a matter for the Commercial Judge, the court stated in general terms the following principles of practice:

(1) The jurisdiction to order further or more detailed reasons under subsection (5) (b) should be exercised as sparingly as possible.

(2) The need to resort to such orders should be sought to be avoided by arbitrators stating their reasoned conclusions on all important issues.

(3) Where a party applied for an order under subsection (5) (b), the decision whether to grant the application should never be taken without giving the fullest consideration possible at that stage to the question whether leave to appeal was likely to be granted, by reference to the test of subsection (4), *The Nema* and *The Antaios*.

(4) In the same way as applications for leave to appeal, applications for further reasons under subsection (5) (b) must be decided exclusively on the basis of the contents of the award.

(5) It seemed at present that the reasoning and decision in *The Barenfels* did not apply to respondents who opposed applications for leave to appeal and/or remit by seeking to uphold the award.

The buyers' case rested solely on the presence of one additional decimal figure which appeared in the certificate. It was undisputed that analysis to that degree of precision could not establish whether the cargo was outside the specification and that the alleged discrepancy was commercially insignificant.

Against that background the arbitrator concluded that the sellers had not wrongfully repudiated the contract by tendering the certificate.

How could it be said that that conclusion was so obviously wrong that there was no possibility that it was right? The appeal was allowed.

For the buyers: Derrick Turfitt (Richard Stokes & Co, Harington).

For the sellers: Alistair Schaff (McKenna & Co).

By Rachel Davies Barrister

## THE BANKER

### Forthcoming Bank Annual Reports & Accounts

In response to considerable reader demand, The Banker is introducing a new service to stimulate the worldwide readership and distribution of Bank Annual Reports and Accounts - the most important statement every bank makes every year.

The new service is in two parts.

Every month The Banker will publish a diary of expected press release dates of Bank Annual Reports & Accounts. The list will be up-dated each month as this information becomes known. Your co-operation in advising us of this important information would be most welcome - please telex The Banker 23700 FINBI G.

Every month The Banker will also publish an index of all bank advertisements which include a summary of the Bank's Annual Report or Balance Sheet. The index entry will appear in every issue of The Banker for 12 months, and will be accompanied by the full address and telex number from which copies of the Full Report & Accounts may be obtained.

The Banker, 102-108 Clerkenwell Road, London EC1M 5SA

Subscription details are available from:  
The Banker, The Marketing Department, Greystoke Place, Fetter Lane, London EC4A 1ND



## UK COMPANY NEWS

## BP payout up despite earnings fall

BY MAX WILKINSON, RESOURCES EDITOR

BRITISH PETROLEUM announced yesterday that it was increasing its final dividend for 1986 by 1p to 23p although its earnings per share fell by half to 44.5p.

The total dividend for the year was 35p compared with 34p in 1985.

Sir Peter Walters, the chairman, said the increase was justified because in spite of the large swings in oil prices last year, the company's after-tax profit on a replacement cost basis was £1.78bn—only £37m less than in 1985.

This gave a better underlying picture of the health of the business than the pre-tax historic cost profit of £817m, which was 49 per cent less than in 1985.

Since BP's finances remained strong, Sir Peter said he thought it right to maintain the real value of the dividend with a 1p increase.

Funds generated by the business decreased from £6.07bn to £4.46bn, but liquid

resources at the end of 1986 were up £214m at £2.53bn.

BP managed to maintain its replacement cost earnings in spite of remarkably large swings affecting all major parts of its business.

For the full year, the replacement cost operating profit in BP's exploration business halved to £711m compared with £1.4bn in 1985. This was a direct result of the steep fall in crude oil prices.

The swing for the downstream arm, BP Oil International, was almost a mirror image with profits nearly doubled to £966m compared with the figure for 1985.

This reflected big profits on refining and marketing of petroleum products in the earlier part of the year when crude costs were falling, but prices charged to consumers had not yet reflected the weakening market.

The fortunes of the downstream part of the business declined as product prices fell in

the second and third quarters. Then in the third quarter profits were severely squeezed as the price of crude rose again, while product prices lagged at lower levels.

The fourth quarter profit of £53m was only a quarter of the level achieved in the second quarter and about an eighth of the first quarter profit (all on a replacement cost basis before tax and interest).

In the first month and a half of this year, BP says downstream margins have recovered significantly.

The full year's results were helped by a much reduced tax charge, reflecting the lower Government take from North Sea oil production.

Total upstream taxes were reduced by £2.1bn compared with their 1985 level to only £863m. For the group as a whole, a tax credit of £338m attributable to Standard Oil, BP's subsidiary, offset a tax charge of £381m in BP, leaving a total tax bill of only £42m for the year.

For Standard Oil, the tax credit reflected lower earnings and the substantial write-off during the year.

Standard Oil's contribution to group profit was £344m on a replacement cost basis, £470m less than in 1985. In US dollar terms.

For BP, the ability to ride out a decline in upstream profits was helped by significant improvements in chemicals, nutrition and other smaller parts of the business.

The chemicals business increased its operating profit threefold to £189m as a result of a 9 per cent increase in the volume of sales and substantially lower feedstock costs.

BP Nutrition recorded a 51 per cent rise in operating profit at £56m.

BP Minerals more than halved its loss to £20m, while the coal business made a modest additional contribution with a 20 per cent rise in operating profit to £34m, despite lower coal prices.

See Lex

## US holder sells stake in Kleinwort Benson

By Martin Dickson

American Can, the US container manufacturer, yesterday sold a 4.9 per cent stake in Kleinwort Benson London, the British merchant bank, which it bought some two years ago.

The 4.9m shares were acquired by Morgan Stanley, the US investment bank, acting as a principal, and then sold on by it to international institutional clients at a price thought to be around 625p a share. Kleinwort shares closed last night at 625p, down 5p on the day.

There was speculation that a factor in American Can's decision to sell was the British Government's recent moves to take stronger powers to control foreign shareholdings in UK banks. However, American Can's stake—which it had undertaken not to increase without consulting Kleinwort—was not quite large enough to be covered by these regulations. Mr Michael Hawkes, chairman of Kleinwort, said yesterday that the bank had always got on well with Mr Gerald Tsai, chief executive of American Can.

Mr Tsai was not available for comment, but it was understood that Morgan Stanley initiated the transaction by approaching the company to see whether it would be prepared to sell.

American Can, which built up the stake in 1985 but only declared it publicly last autumn, will have made a substantial profit on the sale.

## L and N director plans to up his stake

By Nikki Tak

MR JOHNNY MACKENZIE, the London and Northern director who refused to back the rest of the board's qualified acceptance of Demerger Two's 81p-a-share cash alternative, is planning to purchase more shares in the troubled construction, energy and healthcare company "in forthcoming months."

His decision is announced in a letter to shareholders, to be posted today, explaining why he did not go along with the rest of the board on Tuesday night. Mr Mackenzie is the son of John Mackenzie, L and N's chairman.

Mr Mackenzie denied last night that his action was designed to frustrate the £80m Demerger Two bid, which needs 90 per cent acceptance if the plan to split the business into four companies and refloat them individually is to go ahead.

"I think the shares are good value," he commented, but refused to specify what size purchases he envisaged. Mr Mackenzie currently holds about 250,000 shares—having increased his stake by about 90,000 shares during 1985.

Directors of L and N have all said that they do not intend to accept the Demerger offer in respect of their own holdings, which account for 3 per cent of the company's equity.

Yesterday, Demerger confirmed that it is fully committed to its bid and does not intend to seek approval for a lower cash alternative.

Commenting on Mr Mackenzie's announcement, Mr Peter Earl, a director of Lincorp Ltd, which is advising Demerger, said: "It's an excellent investment—we reckon most shareholders will now come and accept one or other offer and we would like Mr Mackenzie to, too."

Another associate of Demerger, Habba S.A., thought to represent Middle East interests, announced yesterday that it had purchased a further 200,000 shares in L and N, taking the total holding by Demerger's associates to about 7 per cent.

## Capital Radio

The offer for sale of shares in Capital Radio, the London independent radio station, was heavily oversubscribed when it closed yesterday morning.

Some 3.5m shares were offered at 105p each and a strong response from small investors had been widely predicted. This appears to have materialised, for the counting and sorting of applications was still going on last night.

Barclays de Zeeuw, the merchant bank sponsoring the flotation, hopes to announce the basis of allocation today. A ballot appears a strong possibility.

## I.G. INDEX

FT for February  
1,549,554 (-13)  
Tel: 01-223 5699

## Telecommunications boost Plessey at nine months

BY DAVID THOMAS

Plessey yesterday unveiled a 10.1 per cent increase in pre-tax profits in the third quarter to December 26, resulting in a 18.2 per cent expansion in the first nine months.

Pre-tax profits for the third quarter were £45.1m (£41.8m) on sales of £387.9m (£351.9m). For the first nine months they were £132.5m (£112.1m) on sales of £1,020m (£910m).

Earnings per share for the period increased 29.1 per cent to 11.52p (8.92p). The interim dividend is up 15 per cent at 2.385p (2.072p).

Plessey's shares closed 2 up at 211p.

Telecommunications showed the strongest advance in the nine months with operating profits up 40 per cent at £57.8m (£41.3m) on sales of £494.8m (£487.1m).

Sir John Clark, chairman, said Plessey had handed over 398 System X exchanges to British Telecom since April 1986. Plessey was about to sign understandings with the General Electric Company on System X, which would cover shared R&D and marketing

costs, plus patent property rights.

In North America, where Plessey's Stromberg-Carlson telecommunications equipment subsidiary was now trading profitably, telecommunications had contributed about £4.5m in profits on sales of £67m in the first nine months, compared with about a nil contribution on sales of £56m in the same period of the previous year.

Plessey's electronic systems and equipment division made pre-tax profits in the nine months of £38.3m (£28.9m) on unchanged sales of £347.4m.

Sir John said that, as a result of Plessey's partnership with Westinghouse of the US arising from the UK Government's choice of AWACS for its air defence early warning system, Plessey was expected to win contracts worth at least £150m within the first year of the project.

Westinghouse and Plessey had agreed to develop, produce and jointly the radar which would be required when the AWACS in service with the US Air Force had to be modernised, Sir John added.

See Lex

## Housebuilding lifts Ward's profit to £9m

BY MIKE SMITH

SHARES IN Ward Holdings, the Kent-based property developer, rose 47p to 445p yesterday after the company announced that 1986 profits were nearly twice those of the previous year.

The £2.97m pre-tax total (against £4.67m in 1985) was achieved on turnover up 31 per cent at £36.99m (£27.55m). Earnings per share were 42.5p (18.6p) and the dividend was lifted from 5.5p to 6.52p, making 8.27p (7.25p) for the year.

House construction accounted for £8.04m of the profits. Mr Denis Ward, chairman, said prices had advanced by 20 per cent over the year and the market continued to be buoyant in the south east.

"The housebuilding boom in the south east is the longest sustained period of demand I can remember and 1987 should be no exception," said Mr Ward. "Subject to the market holding up, the group will again repeat a record year of trading."

The completion of the M25, the further extension of the M20 and the prospect of the Channel Tunnel were all highlighting Kent as a growth area.

Ward said its London operation, established a year ago to develop and renovate residen-

tial properties in central London, was proceeding satisfactorily. Ten sites had been acquired and the construction of houses, maisonettes and small blocks of flats had begun.

The company was also building up its investment portfolio. Detailed planning consent had been obtained and work had commenced on a district shopping centre at Grove Green, Maidstone, where a supermarket had been pre-let to Tesco. Work

had also started on a supermarket and shops scheme next to Rye Station in Sussex. Warehouse schemes were being developed in Leybourne, Sittingbourne and Snodland.

In the loss-making manufacturing division, Mr Ward saw fast expansion for UPVC windows and doors. The division was likely to start making profits this year.

In the year to October 31, the profits breakdown by division was: house construction £8.04m

(£5.38m); plant hire £176,000 (£23,000); manufacturing £1,000 (£23,000); manufacturing £51,000 loss (£1.11m loss); and property investment £792,000 (£494,000).

Total taxation was £3.38m (£2.19m).

## comment

Relatively small increases in the dividend in the last three years mean that Ward has lost its reputation as a high yield stock but few shareholders will be shedding tears. Between the end of 1984 and yesterday the share price has more than tripled to 445p and 185p of the increase has come since the start of this year. Future growth seems assured. Ward has a four year land bank and its expansion into more luxurious houses will help it to improve margins further. The company's performance will also be improved by the loss elimination in the manufacturing division. For this year £10.5m is in view, putting the prospective price/earnings ratio at 8.8. The share price is held back by the Ward family's 61 per cent stake in the company. The multiple is considerably below that of similar companies, however, and there should be scope for growth.

## DIVIDENDS ANNOUNCED

|                          | Current payment | Date of payment | Corresponding dividend | Total dividend | Total last year |
|--------------------------|-----------------|-----------------|------------------------|----------------|-----------------|
| Abaco Inv. ....          | 0.11            | Apr 3           | 0.05                   | 1.84           | 0.2             |
| Bank Leumi (UK) ..       | 8.51            | —               | 7.7                    | 11.2           | —               |
| BP .....                 | 23              | —               | 22                     | 35             | 34              |
| Debon Inv. ....          | nil             | —               | nil                    | 0.5            | nil             |
| Pacific Assets .....     | 0.77            | Apr 24          | 0.7                    | 0.77           | 0.7             |
| Photo-Me .....           | 3               | Mar 31          | 1.75                   | —              | 5.75            |
| Polytype .....           | 1.02            | Apr 3           | 0.55                   | —              | 1.65            |
| Plessey .....            | 2.38            | May 1           | 2.07                   | —              | 5.03            |
| Questel .....            | 2.55            | Apr 7           | 2.2                    | 4.75           | 2.2             |
| River & Mercantile ..... | 4.2             | Mar 20          | 3.7                    | 6.2            | 5.5             |
| Romney Trust .....       | 3.35            | —               | 3.35                   | 5              | 5               |
| Ward Holdings .....      | 6.52            | —               | 5.5                    | 8.27           | 7.25            |

Dividends shown pence per share not except where otherwise stated. \* Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Carries scrip option.

Upon the Instructions of



THE ROYAL BANK OF CANADA

6 · LOTHBURY · LONDON EC2  
OPPOSITE THE BANK OF ENGLAND

17,400 sq ft  
FREEHOLD  
OFFICE BUILDING  
FOR SALE



DEBENHAM TEWSON &amp; CHINNOCKS

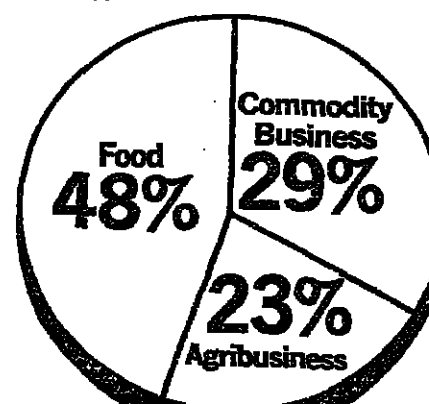
Chartered Surveyors  
Bankcroft House Paternoster Square  
London EC4P 4ET

01-236 1520

## Record results for the first half-year.

- Pre-tax profit up 20%  
£42.6m (1985-£35.6m)
- Earnings per share up 15%  
13.0p (11.3p)
- Dividend up 9%  
6.0p (5.5p)

We are an international company operating in the world food system. Our main activities are Food, Agribusiness and Commodity Business.



PROSPECTS  
We have made a very good start and the overall improvement should carry through the second half of the year... particularly in our Food business and we are well placed to meet changing market conditions in agriculture. We expect to bring you good results at the year end.

Dalgety



## UK COMPANY NEWS

## Acquisitions stimulate profits surge at Abaco

AIACO INVESTMENTS, the one-time property company which has been rapidly transformed by numerous acquisitions into a diversified financial services group, predictably revealed sharply higher profits for the six months to end-December 1986.

Turnover advanced from £3.3m for the comparable period in 1985 to £17.1m resulting in group operating profit of £2.43m (£361,000). After interest payable of £304,000 (£210,000), taxable profits rose from £151,000 to £2.13m. Tax took £886,000 against a credit of £19,000 last time. Minorities accounted for £29,000, but there was no provision for extraordinary items. During the previous year's first half, there was an extraordinary credit of £332,000 relating to releases from unrealised revaluation reserve on property disposals. Earnings per share rose to 0.50p (0.16p).

The interim dividend is doubled to 0.1p. Abaco has continued its policy of growth via acquisition, taking in Toplis and Harding, the international loss adjuster, Lloyd's

broker Burgoyne Alford, commercial surveyor and valuer Lambert Smith and residential estate agencies Hampton, Messenger May, Baverstock, and Levens, the last-mentioned purchased for £5.6m earlier this month.

Abaco also acquired a controlling interest in Mortgage Systems, the mortgage portfolio managers.

While stating that the new business had not made a full contribution to group results for the period, the directors said that financial benefits should be felt during the second half.

Standard Chartered Bank currently holds a 12.51 per cent stake in Abaco having subscribed £18.8m for new shares in January of this year. Other major shareholders include British and Commonwealth and Canada Life Assurance.

**Comment**

Hang on to your hats for the Abaco flying circus as Mr Peter Goldie attempts to juggle three at once—personal financial services, loss adjusting and com-

mercial agency—whilst suspended high above the ground by a prospective p/e of around 25 and substantial stakes in the hands of British and Commonwealth and Standard Chartered. The fancy rating has allowed Abaco to expand from a side-show into the big top, as the group can easily afford the hefty prices which estate commands these days. Such is the size of the group that it long since ceased to be a one, or even a three man band—Mr Goldie has recently taken on extra duties at B and C—and Abaco is in the process of strengthening its management to ensure that the group keeps its act together. Growth will continue to be breakneck—in the end whether the company becomes the strong man or the fat lady depends on how industrious the individual companies are at promoting each other's services. The early indications seem to be good. Earnings per share have far outstripped the increased tax charge and with pre-tax profits of nearly £3m looking feasible, the shares at 63p probably deserve their appreciative City audience.

The letter denied that the Whitbread director, who Mr Cole is seeking to have removed from the board, had any conflict of interest. Whitbread and Whitbread Investment Company hold around 27 per cent stake of Buckley's shares.

Yesterday Mr Cole, speaking from Geneva, described the letter as "pathetic. They've got so many things wrong." He said the relationship with NEI—for example, NEI is licensee of CE's boiler-firing technology—will continue.

## Americans place £14m worth of NEI shares

By Nikki Tale

Combustion Engineering, the large Connecticut-based supplier of industrial equipment and services to electric utilities, has placed its 8.3 per cent holding in Northern Engineering Industries, the Tyneside heavy engineering group.

The placing was handled in London by NEI's broker, Panmure Gordon, and the 18.2m shares—worth £14m—have gone to institutions at 77p. According to Panmure, around 40 institutions were recipients, with applications for stock exceeding allocations on a ratio of 4 to 1. On the stock market yesterday, NEI shares eased 1p to 79p.

Combustion Engineering said the decision to place the holding "relates entirely to repositioning CE, in part investing in new technologies, particularly those relating to process plant control and automation."

Last August, CE sold offfield equipment operations to Hughes Tool for \$270m in cash and securities. Since then it acquired Sprout-Walden, a manufacturer of machinery for pulp, paper and other process industries from Koppers Inc and made a \$147m tender offer for the outstanding shares in AccuRay Corp.

CE's holding in NEI dates back to 1974 from its original major investment in International Combustion Holdings. Subsequent mergers led to the creation of NEI, in which CE's stake was 10 per cent. CE confirmed yesterday that the trading relationship with NEI—for example, NEI is licensee of CE's boiler-firing technology—will continue.

## BET plans listing in US and Canada

BY RICHARD TOMKINS

BET, the diversified services group, yesterday unveiled plans to list its shares in the US and Canada as part of a set of proposals to reorganise its share structure.

The US listing will involve the raising of \$75m—\$100m through an offer of ordinary shares in the form of US American depositary receipts. This will be the equivalent of 21-3 per cent of the company's enlarged equity.

In Canada, BET will list its existing equity on the Montreal stock exchange. It expects to become the first UK company to take advantage of the recent reciprocal arrangement on listings.

Mr Nicholas Wills, BET's chief executive, said the main aim of these proposals was to position the company for continued international expansion and to create a wider market for its shares.

"The ability to offer locally-listed shares will also make it easier for us to continue to acquire privately-owned companies, which has been a very important part of our growth. This is especially true in the US, which has been the focus of much of our expansion in recent years and which we still see as one of the areas with greatest potential for us."

BET plans to offer the US shares at nil discount to their London price and says that the reduction in borrowings will prevent dilution of earnings. Mr Wills said the value of the shareholders' investment would be increased by the higher comparative valuation of service business in the US.

The other proposals announced yesterday are for a one-for-one scrip issue aimed at increasing the marketability of BET's shares, and for the cancellation and repayment of its preference and preferred shares to simplify the capital structure.

BET has 302m ordinary shares in issue and a further 27.8m reserved for the company's convertible bonds and share options. It is proposing to increase its authorised share capital by 539.2m shares to 876m.

It will offer 124p a share for the preference and preferred shares, producing an exit yield of 6.36 per cent, at a total cost to the company of £3.5m.

BET will seek authorisation up to 5 per cent of its authorised share capital in a US offering, but says the actual amount will be decided in the light of market conditions closer to the launch in August or September and it does not expect to offer more than \$100m worth.

## Excalibur back in black midway

Excalibur Jewellery, a Birmingham-based manufacturer of watches and jewellery, turned a pre-tax loss of £112,605 last time into a profit of £21,240 in the six months to October 31, 1986. Turnover fell slightly from £7.44m to £7.4m.

However, exceptional costs totalled £170,975 (£87,582). They comprised a provision for closure of subsidiaries and were made up largely of redundancy expenses.

The net loss amounted to £149,735 (£200,195) and the loss per share emerged at 1.17p, down from 1.51p.

## Buckley's hits back at Bestwood

MR GRIFFITH Philipps, chairman of Buckley's Brewery, the Lancashire-based company in which Bestwood holds a 27.6 per cent stake, has hit back at demands from Mr Tony Cole, Bestwood's chairman, that he be given a seat on the Buckley's board.

In a letter to shareholders, Mr Philipps said there were a number of aspects to Mr Cole and Bestwood "which make directors uneasy." Bestwood,

Mr Philipps continued "is not best-known as a long-range holder of minority interests in public companies" and that it had refused to assure Buckley's that it would not launch a takeover bid.

"One of Mr Cole's real reasons for seeking a seat on the board is to enable Bestwood to 'equity account' for its holding in Buckley's, thus supporting Bestwood's pre-tax profits," he claimed.

The letter denied that the Whitbread director, who Mr Cole is seeking to have removed from the board, had any conflict of interest. Whitbread and Whitbread Investment Company hold around 27 per cent stake of Buckley's shares.

Yesterday Mr Cole, speaking from Geneva, described the letter as "pathetic. They've got so many things wrong." He said the relationship with NEI—for example, NEI is licensee of CE's boiler-firing technology—will continue.

## Country and New Town in US deal

BY DAVID THOMAS

Country and New Town Properties may take control of Bay Financial Corporation, a US property company with a book value of \$294m (£192m) at November 1986.

Country has this decade been building up its US portfolio to the extent that it now has \$100m worth of property all fully let, plus some buildings in Canada. Country acquired 39.6 per

cent of Bay in November for \$47m in cash.

Bay's property portfolio is widely spread over the US. It reported net income of \$1.87m in the year to the end of May, when its assets were independently assessed at \$357m.

Country now appears likely to take its stake in Bay above the 50 per cent level as a consequence of Bay's intention to take over Commonwealth

Realty Trust, which has a property portfolio mainly in the Princeton area.

Country owns about 85 per cent of Commonwealth, and Bay is likely to pay for Commonwealth with its own shares.

However, it was stressed yesterday that Bay and Commonwealth are talking about various types of business combination and that the discussions are still at an early stage.

The shares of Country, which had pre-tax profits of £1.26m in the six months to July, closed up 8p at 150p.

Commonwealth has appointed an independent member of its board of trustees to review any possible merger or other combination with Bay.

## Gee/Rosen acts to dampen speculation

Gee/Rosen, a USM-quoted clothing wholesaler and retailer, yesterday tried to end speculation that it was about to make a takeover announcement.

It was prompted to make an announcement by the movement in its share price over the previous few days. On Monday, it had closed at 50p. On Wednesday, it closed at 60p.

Gee/Rosen said that it was unaware of any facts which would justify such an abnormal change.

Mr Alan Cooper, a director of the company, said Gee/Rosen had made known its intention to expand by acquisition.

The company was therefore involved in a number of discussions which could result in it making an acquisition or merging with another group, he said. Gee/Rosen closed 2p lower at 58p.

## BP GROUP RESULTS, 1986

## Flexibility pays dividends

## KEY FINANCIAL RESULTS

GROUP PROFIT before extraordinary items

- Historical Cost

- Replacement Cost

Extraordinary Charges

Dividend per ordinary share for year

1986

1985

£817m

£1598m

£1779m

£1816m

£318m

£929m

35.0p

34.0p

1986 saw dramatic fluctuations in the price of crude oil but, despite large stock losses of £962m, the Group was still able to record historical cost profits of £817m.

On a replacement cost basis – a better measure of trading performance – earnings of £1779m were only marginally lower than last year's best-ever result. This owes much to the speed and flexibility with which the Group was able to react to the new environment of lower oil prices.

Refining, marketing and chemicals businesses benefited from the slimming and restructuring measures of the past few years and were able to record excellent performances.

The Group's aim continues to be that of

enhancing value to its shareholders and the Directors have recommended an increased final dividend of 23.0p per share.

## The Outlook

Markets are likely to remain highly competitive in the downstream businesses of refining, marketing and chemicals, but it is hoped that the recent firming and stability of oil prices will bring improvements in the Group's oil and gas production performance.

BP's continued investment in cost-saving technology and its strong financial position mean that the Group is well placed to weather problems and benefit from future opportunities.



Britain at its best.

## GENBEL INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration No. 05/32379/06)

## INTERIM REPORT AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 1986

| Abridged unaudited results                          | Six months to 31/12/1986 | % Change | Six months to 31/12/1985 | Twelve months to 30/6/1986 |
|---|--------------------------|----------|--------------------------|----------------------------|
| Income before taxation—Rm                           | 48.3                     |          | 38.9                     | 79.8                       |
| Taxation—Rm   | (0.1)                    |          | (0.3)                    | (0.5)                      |
| Preference Dividend—Rm                              | (0.1)                    |          | (0.3)                    | (0.5)                      |
| Surplus on realisation of investments after tax—Rm  | 10.9                     |          | 5.6                      | 13.3                       |
| Written off investments—Rm                          | —                        |          | —                        | (2.9)                      |
| Income after taxation—Rm                            | 59.0                     | +35      | 43.9                     | 90.1                       |
| Ordinary shares in issue ('000's)                   | 33,790                   |          | 33,790                   | 33,790                     |
| Earnings (cents per share):                         |                          |          |                          |                            |
| excluding investment transactions                   | 142                      | +21      | 117                      | 240                        |
| including investment transactions                   | 175                      | +30      | 135                      | 271                        |
| net of tax  | 129                      |          | 102                      | 195                        |
| Dividends per share—(cents)                         | 31/12/1986               |          | 31/12/1985               |                            |
| Investments at market value/directors' valuation—Rm | 2,052                    |          | 1,420                    |                            |
| Net asset value (cents per share)                   | 5,638                    |          | 4,031                    |                            |

NOTES:  
The earnings per share for the twelve months to 30 June 1986 (six months to 31 December 1985), are calculated on the weighted-average number of shares in issue amounting to 33,184,305 (six months to 31 December 1985—32,578,221).

The offshore investment programme is progressing well and as at 31 December 1986 the foreign assets exceeded foreign liabilities by a satisfactory margin.

INTERIM DIVIDEND declared on 19 February 1987—Payable on 2 April 1987.  
Amount per share 120 cents—Currency conversion 23 March 1987

Copies of the full interim report may be obtained from the office of the  
London Secretaries, 30 Ely Place, London EC1N 6UA



## UK COMPANY NEWS

## All-round growth gives Polypipe 85% advance

REFLECTING excellent progress on all fronts the Polypipe group lifted its pre-tax profit from £10.000 to £16.2m for the half year ended December 31, 1986.

That represented a percentage increase of 85, on a turnover up 49 per cent to £11.42m. Mr Kevin McDonald, chairman and managing director, said he anticipated a satisfactory outlook for the current year and beyond. The growing impact of the integration of the recent acquisitions would be seen in the last quarter of this year, and in the next.

In the half year the group established a significant growing presence in the underground drainage market, he reported.

The geographical penetration of the large south eastern market for the traditional above ground plastic plumbing and drainage products was proceeding satisfactorily, and the group had started to develop new markets overseas.

Pressure on margins, which had been a feature of the industry in the last two years, was dissipating in line with the increase in demand.

Last November the group acquired Paragon Plastics and Procell Plastics for nearly £7m

in shares, of which 3.89m shares were vendor placed. Paragon was a competitor, making plastic pipes, fittings and fabrications, and part of the business which was not complementary was sold for £1.4m. Cost of buying Paragon was £5.3m settled by the issue of 3.4m shares.

The acquisition of Procell put Polypipe into a rapidly expanding new market, viz plastics products for the building industry, such as external cladding, fascias and hand rails. Further capital expenditure was envisaged to support the strong growth in demand for the products.

Initial purchase price for Procell was £1.8m, satisfied by the issue of 1.09m shares. There was further profit related consideration up to a maximum of £337,500.

In the November circular pro forma net assets of the enlarged group were shown at £9.5m. Currently, the group had no net borrowings and had adequate liquid resources to finance further growth, said Mr McDonald.

After tax £598,000 (£350,000) earnings per share for the half year were up from 2.17p to 4.05p. The interim dividend on increased capital is stepped up

to 1.02p (0.55p).

## ● comment

Polypipe has given subscribers to its May 1985 placing a fair ride for their money: issued at 89p, the shares closed at 200p yesterday. Nor does this appear to be the end of the party. Already brokers are talking of at least £4.2m in pre-tax profits for the current year, and a further 50 per cent increase in the year beyond that. Once a USM-quoted minnow with a value of £12m, Polypipe has grown to a market capitalisation of nearly £60m in just a year and a half. Partly this is because of the buoyancy of the housing market, and more particularly the housing renovation market. But more important has been the company's expansion in three dimensions: from above-ground pipework into the underground variety, from its northern stronghold into the south and south-east, and from its traditional products into diversifications through acquisition. The current year p/e multiple of 20 may look a little rich, but on next year's forecast it sinks to 14—a modest enough figure for an unquoted company whose growth potential is a long way from exhausted.

As forecast in the annual report, the interim dividend is increased to 2p (1.75p). On turnover up 21 per cent from £28.39m to £34.23m, pre-tax profit, assisted by the continued containment of expenses and exchange rate considerations, jumped to £6.05m (£4.15m). Tax accounted for £2.35m against £1.7m last time, while minorities took £707,000 (£443,000).

The sale of the minority holding in cheque card company Bradbury Wilkinson Data to De La Rue realised a profit of £55,000. Last time, Photo-Me had an extraordinary credit of £243,000 relating to the sale of investments in the merger of its two US subsidiaries.

Stated earnings per share rose 16.66p to 50.95p.

The directors said that activities continued to expand and that current returns from operating subsidiaries indicated that second half results would be at least comparable with the previous year.

## Romney Trust holds payment

Romney Trust raised its net asset value per 25p share by 102.5p to 444p during the 1986 year. The figure was struck assuming full conversion of the convertible loan stock and allowing for payment of the final dividend.

The company underwent major restructuring of investments during the year and as a result of a move to an overseas asset base earnings fell by 2.68p to 3.85p. However, the dividend is held at 5p net, the final being 3.85p.

Net revenue for the year fell from £1.9m to £1.4m after tax of £571,000 (£1.1m).

## Photo-Me profits up by 45% to £6m

Photo-Me International, manufacturer and operator of photographic booths and personal identification systems, lifted taxable profits by over 45 per cent in the six months to October 31 1986.

As forecast in the annual report, the interim dividend is increased to 2p (1.75p).

On turnover up 21 per cent from £28.39m to £34.23m, pre-tax profit, assisted by the continued containment of expenses and exchange rate considerations, jumped to £6.05m (£4.15m). Tax accounted for £2.35m against £1.7m last time, while minorities took £707,000 (£443,000).

The sale of the minority holding in cheque card company Bradbury Wilkinson Data to De La Rue realised a profit of £55,000. Last time, Photo-Me had an extraordinary credit of £243,000 relating to the sale of investments in the merger of its two US subsidiaries.

Stated earnings per share rose 16.66p to 50.95p.

The directors said that activities continued to expand and that current returns from operating subsidiaries indicated that second half results would be at least comparable with the previous year.

## Romney Trust holds payment

Romney Trust raised its net asset value per 25p share by 102.5p to 444p during the 1986 year. The figure was struck assuming full conversion of the convertible loan stock and allowing for payment of the final dividend.

The company underwent major restructuring of investments during the year and as a result of a move to an overseas asset base earnings fell by 2.68p to 3.85p. However, the dividend is held at 5p net, the final being 3.85p.

Net revenue for the year fell from £1.9m to £1.4m after tax of £571,000 (£1.1m).

## Debut plans value Sinclair Goldsmith at £9.8m

BY RICHARD TOMKINS

SINCLAIR-GOLDSMITH, a chartered surveyor and rating consultant, is to become the latest in a trio of similar companies to seek a quotation on the stock exchange.

Last October, the Royal Institution of Chartered Surveyors changed its rules to allow outside investment in member companies. Sinclair Goldsmith is the third company to take advantage of this change: the first two were Baker Harris Saunders and Fletcher King, both commercial estate agents.

Some 3.5m shares, or 32 per cent of Sinclair Goldsmith's enlarged equity, are being placed on the main market by the British Linen Bank, which is the merchant banking arm of the

Bank of Scotland. The issue price of 90p a share will value the company at £9.8m. Stockbroker to the issue is Alexander Leung and Cruckshank.

Sinclair Goldsmith was founded in 1970 and has two offices, one in London's West End, the other in the City.

The company has three main areas of activity: one carries out valuations and reviews rating assessments; another provides a traditional commercial agency service; while the third acts as a development and investment consultancy.

Pre-tax profits have risen from £105,000 to £122,000 in the five years to May 1986, although there was a dip to £87,000 in the second year which the

company attributes to a sluggish market.

For the current year, Sinclair Goldsmith is forecasting pre-tax profits of at least £225,000, so it is coming to the market on a prospective p/e ratio of 15 after a notional 38 per cent tax charge.

Of the shares being sold, 2.1m are coming from Mr Neil Sinclair and Mr Peter Goldsmith, the joint managing directors, and the rest will be new shares issued by the company to raise £835,000 net of expenses.

The flotation will leave the company with net cash balances of nearly £500,000, which it says it intends to use to acquire other companies directly linked with the property world.

## Bank Leumi 52% ahead and lifts dividend

NET PROFITS for 1986 from Bank Leumi (UK) advanced by 52 per cent, from £1.05m to £1.6m, after tax and transfers to inner reserves. The final dividend is 8.5p for a net total up from 11.2p to 12.4p—this final carries a scrip alternative.

Higher income was achieved from both lending and services supplied to customers. The growing volume of business in the branch network also contributed to the increase. Net profit retained for the year almost doubled to £967,000.

At the year-end assets totalled £411.7m, compared with £390m a year earlier. Shareholders' funds and subordinated loans accounted for £24.36m (£23m).

## Pacific Assets optimistic as NAV rises 57%

The net asset value of Pacific Assets Trust rose 57 per cent to 136.72p per 50p share in the year to end-January 1987.

The single dividend is increased 10 per cent to 0.77p. Investment income expanded by 93 per cent to £518,000. After adding deposit interest of £20,000 (£109,000), and underwriting commission of £8,000 (£7,000), but subtracting interest payable and expenses of £299,000 (£217,000), revenue before tax rose from £168,000 to £273,000.

After tax of £118,000 (£87,000), stated earnings per share came out at 1.35p (£0.89p).

Pacific Assets concentrates over 75 per cent of shareholders' funds in the industrialised economies of Hong Kong, Taiwan and South Korea.

The directors stated that the strength of the Yen during 1986 continued to encourage Japanese manufacturers to shift production facilities overseas, a sizeable proportion of which was allocated to countries within the Trust's investment sphere.

## Peachey Property

Peachey Property's interim dividend rose from 3.5p to 4p, and did not fall from 4p to 3.5p as was reported in yesterday's FT.

## Abingworth boosts assets 11%

STRONG performances by quoted portfolios in the UK and US enabled Abingworth, a venture capital investment company, to report net asset value per share up 10.5 per cent from 217p to 260p in the six months to December 31 1986. A year ago the figure was 281p.

Since December 31 1986 markets in general and technology stocks in particular had risen further gains and unadvised accounts showed that net asset value stood at 330p at January 31.

However, pre-tax profit fell sharply from £219,298 to £68,000, largely as a result of the company becoming more fully invested during the period, with a consequent reduction in level of income from funds awaiting long-term investment.

Mr Anthony Montagu, chairman, said that he continued to view the future with optimism and believed that there were good prospects for substantial

further growth in the value of many of the companies in the portfolio. Depending on the rate at which the proceeds of recent sales were re-invested, interest income might be somewhat higher in the second half of the financial year.

Since December 31 1986, advantage had been taken of buoyant stock markets on both sides of the Atlantic to make further gains. These included the sale of 25,000 shares in Apple Computer which had realised £1.18m (£767,000) against an original cost of £7,000.

During the period, three new investments were made in the US and two in the UK. A further £2.6m was invested in 10 existing interests in the US and an extra £1m in six companies in the UK.

In the US, the whole of the holding in Bridge Communications was sold, and along with

partial disposals of shares in Telecredit and General Parametrix realised £1.5m against a cost of £814,000.

In the UK, total disposals aggregated more than £2m compared with a cost of £700,000. These disposals included the whole of the holdings in Nichols Vimto and P. C. Henderson.

Dividends and interest received amounted to £207,890 (£389,333); external management fee income totalled £147,942 (£122,501); and income of dealing subsidiary excluding dividends and interest came to £78,658 (£39,635). Administration expenses fell slightly from £332,087 to £367,463.

After lower tax charges of £29,508 (£57,199), earnings per share worked through at 0.17p (0.65p). As in previous years, the company did not propose an interim payment.

## BOARD MEETINGS

| TODAY  | FUTURE DATES   |
|--|--|
| Interim: American Electronic Components, Authority Investments, Dead Sea Works, Esenderry Shores, Fish Creek, Penclwyd Property, Throgmorton Dual Trust. | Continuing: Computations Berhad, Goodman Bros., Tweston United Collieries  |
| Final: Anglo American, Amcilia, Bank Leumi (UK), Debrun Investments, Pacific Assets Trust, Trust of Property Shares, Western Bros.                       | Final: Anglo American, Amcilia, Bank Leumi (UK), Debrun Investments, Pacific Assets Trust, Trust of Property Shares, Western Bros. |

## NOTICE TO HOLDERS OF

## Koyo Seiko Co., Ltd.

Warrants to subscribe shares of Common Stock of Koyo Seiko Co., Ltd. issued in conjunction with an issue of U.S.\$70,000,000 3 1/2 per cent. Guaranteed Notes due 1991

NOTICE IS HEREBY GIVEN to Warrant holders that, by a merger agreement (the "Merger Agreement") dated 5th November, 1986 between Koyo Seiko Co., Ltd. (the "Company") and Koyo Auto-Mech Co., Ltd. ("Koyo Auto"), a consolidated company of the Company, it has been agreed that the Company will merge with Koyo Auto. Pursuant to the Merger Agreement which was approved at the meeting of the shareholders of the Company held on 30th January, 1987, the Company will absorb Koyo Auto, which will be dissolved: shareholders of Koyo Auto will receive 28.5 new shares of the Company in exchange for 1 Koyo Auto share. In addition, the Company will distribute 300 yen per Koyo Auto share, in lieu of Koyo Auto's dividends payable to shareholders of Koyo Auto as of 31st March, 1987.

Subject to the completion of necessary procedures, the merger will be consummated on 1st April, 1987, will be reported and approved at the meeting of the shareholders of the Company to be held on about 26th June 1987, and will become legally effective as of 1st July 1987. The holders of shares of Koyo Auto will be entitled to receive their share certificates in the Company and cash distributions on and after 2nd July 1987.

The merger will not result in any adjustment of the Subscription Price.

The Company made public notices in the Official Gazette in Japan on 31st January, 1987 to the effect that the Company's creditors may raise objection, if any, to the merger by 8th March, 1987, in accordance with the Commercial Code of Japan.

Dated: 20th February, 1987 Koyo Seiko Co., Ltd.

## London &amp; Scottish banks' balances as at January 31 1987

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish banks and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

| TABLE 1                                      | Total outstanding £m | Change on month £m |
|--|----------------------|--------------------|
| AGGREGATE BALANCES                           |                      |                    |
| LIABILITIES                                  |                      |                    |
| Deposits:                                    |                      |                    |
| UK monetary sector                           | 26,708               | -217               |
| UK private sector                            | 103,668              | -1,346             |
| UK public sector                             | 3,821                | -243               |
| Overseas residents                           | 14,692               | -261               |
| Certificates of deposit                      | 7,845                | +53                |
| of which: Time (inc. CDs)                    | 155,728              | -2,213             |
| Foreign currency deposits:                   | 66,991               | -1,171             |
| UK monetary sector                           | 88,746               | -1,042             |
| Other UK residents                           | 18,738               | -1,918             |
| Overseas residents                           | 7,939                | -310               |
| Certificates of deposit                      | 46,482               | +1,455             |
| Other sterling assets*                       | 5,225                | +328               |
| Foreign currency assets*                     | 78,364               | +246               |
| Total deposits                               | 234,102              | -2,458             |
| Notes in circulation                         | 940                  | +112               |
| Other liabilities*                           | 42,149               | +588               |
| TOTAL LIABILITIES                            | 277,191              | -1,982             |
| ASSETS                                       |                      |                    |
| Deposits with Bank of England:               |                      |                    |
| Cash and balances with Bank of England       | 492                  | 0                  |
| Cash ratio deposits                          | 2,148                | 632                |
| Other balances                               | 2,641                | 632                |
| Market loans:                                |                      |                    |
| Discount houses                              | 4,175                | -417               |
| Other UK monetary sector                     | 21,222               | +224               |
| UK monetary sector CDs                       | 4,333                | +458               |
| * Includes items in suspense and in transit. |                      |                    |

| TABLE 2. INDIVIDUAL GROUP BALANCES           | CLSB Group £m | Bank of Scotland £m | Sarclays £m | Lloyds £m | Midland £m | National Westminster £m | Royal Bank of Scotland £m | Standard Bank £m | TSB £m |
|--|---------------|---------------------|-------------|-----------|------------|-------------------------|---------------------------|------------------|--------|
| LIABILITIES OUTSTANDING                      |               |                     |             |           |            |                         |                           |                  |        |
| Deposits:                                    |               |                     |             |           |            |                         |                           |                  |        |
| UK monetary sector                           | 155,728       | 6,319               | 34,582      | 24,757    | 25,233     | 42,242                  | 8,679                     | 3,571            | 18,134 |
| UK private sector                            | 103,668       | -1,346              | -1,312      | -634      | +563       | -586                    | -390                      | +104             | -158   |
| UK public sector                             | 3,821         | -243                | -231        | -10,982   | 15,346     | 22,223                  | 4,024                     | 9,244            | 107    |
| Overseas residents                           | 14,692        | -261                | -321        | +29       | +1,910     | -1,594                  | -316                      | +412             | -17    |
| Certificates of deposit                      | 7,845         | +53                 | -881        | -814      | +1,573     | -2,170                  | -616                      | +517             | -175   |
| Foreign currency deposits:                   | 66,991        | -1,171              | 1,169       | -834      | 1,232      | 12,097                  | 979                       | 949              | 1,875  |
| Other UK residents                           | 18,738        | -1,918              | -461        | -230      | +70        | +72                     | -23                       | +34              | -126   |
| Overseas residents                           | 7,939         | -310                | -11         | -82       | +151       | -437                    | -23                       | -87              | -50    |
| Certificates of deposit                      | 46,482        | +1,455              | 1,079       | 1,232     | 110        | 810                     | 282                       | 59               | 136    |
| Other sterling assets*                       | 5,225         | +328                | 6,285       | 197       | 975        | 1,311                   | 216                       | +3               | -68    |
| Foreign currency assets*                     | 78,364        | +246                | -173        | -1        | +81        | +81                     | -14                       | -26              | 1,788  |
| Total deposits                               | 234,102       | -2,458              | 25,019      | 17,376    | 13,283     | 27,083                  | 7,424                     | 2,721            | 5,429  |
| Notes in circulation                         | 940           | +112                | -82         | +72       | +125       | -19                     | +27                       | -1               | -3     |
| Other liabilities*                           | 42,149        | +588                | 2,802       | 592       | 1,885      | 1,396                   | 547                       | 421              | 147    |
| TOTAL LIABILITIES                            | 277,191       | -1,982              | 28,074      | 19,312    | 20,859     | 27,711                  | 7,982                     | 2,484            | 7,772  |
| ASSETS                                       |               |                     |             |           |            |                         |                           |                  |        |
| Deposits with Bank of England:               |               |                     |             |           |            |                         |                           |                  |        |
| Cash and balances with Bank of England       | 492           | 0                   | -1,100      | -395      | +733       | -522                    | -237                      | +63              | -164   |
| Cash ratio deposits                          | 2,148         | 632                 |             |           |            |                         |                           |                  |        |
| Other balances                               | 2,641         | 632                 |             |           |            |                         |                           |                  |        |
| Market loans:                                |               |                     |             |           |            |                         |                           |                  |        |
| Discount houses                              | 4,175         | -417                |             |           |            |                         |                           |                  |        |
| Other UK monetary sector                     | 21,222        | +224                |             |           |            |                         |                           |                  |        |
| UK monetary sector CDs                       | 4,333         | +458                |             |           |            |                         |                           |                  |        |
| * Includes items in suspense and in transit. |               |                     |             |           |            |                         |                           |                  |        |

## Dresdner Finance B.V.

Amsterdam  
DM 500,000,000—  
Floating Rate Notes 1985/1990

The Rate of Interest applicable to the relevant Interest Payment Date, Interest Period from February 20, 1987 to May 19, 1987, inclusively, was determined by Barclays Bank PLC, London, as Reference Agent to be 4 1/4 per cent per annum. Therefore, on May 20, 1987,

Dresdner Bank  
Advising/Accounting  
Principal Paying Agent

Dresdner Bank Group



## PETROLEOS MEXICANOS

(a Government-owned company of the United Mexican States)

## U.S. \$100,000,000

Floating Rate Notes Due 1988  
(Extendable at Noteholder's Option to 1991, 1992 and 1993)

In accordance with the terms and conditions of the Notes and the provisions of the Reference Agency Agreement between Petroleos Mexicanos and The Industrial Bank of Japan, Limited dated August 7, 1981 notice is hereby given that the Rate of Interest for the twelfth Interest Period has been fixed at 6 1/2 % p.a., and that the interest payable on the relevant Interest Payment Date August 19, 1987 against Coupon No. 12 will be U.S.\$34566 and has been computed on the actual number of days elapsed 181 divided by 360.

February 19, 1987  
By The Industrial Bank of Japan, Limited,  
Reference Agent Singapore Branch

IBJ



## 31

[illegible][illegible][illegible]



مكتبة ابن الجوزي



[illegible][illegible]

## OVERSEAS

[illegible]

| Trust Funds | Cons. | Rep. |
|-------------|-------|------|
|-------------|-------|------|

[illegible]

|  | Gross | Net |
|--|-------|-----|
|--|-------|-----|

[illegible]

**David M. Aaron (Personal Fin. Plann.) Ltd**  
 1100 Avenue Road, Suite 1100, Toronto, Ontario M5E 1B5

[illegible]

Industrials P  
 Allied J. Corp. 127 INE 1 8

[illegible][illegible]



## COMMODITIES AND AGRICULTURE

## Dutch bank studies tin collapse claim

By Laura Rasm in Amsterdam

ALGEMENE BANK Nederland, a creditor of the International Tin Council, has taken two legal steps against the Dutch Government as part of a possible financial claim to recover unpaid loans.

The ITC defaulted in October 1985 with almost \$300m in debts outstanding, including around \$30m to the Dutch bank. The Netherlands is one of the 22 members of the ITC.

One move by ABN, the Netherlands' largest bank, is a request to the Hague district court for a preliminary hearing to interview government civil servants about Tin Council affairs. The other move is a direct request to the Economics Ministry for documents, a step taken under the Netherlands' "sunshine" law requiring open access to certain information.

Both initiatives are aimed at gathering information on which to decide whether to proceed with a legal claim against the Dutch government. The ITC has no indication of how long it will take to get an answer to its request.

Its action follows a number of legal steps taken in the UK by banks and by metal brokers, both against the ITC and the British Government, another court member.

In the most recent move nine London Metal Exchange brokers claimed \$110m debts plus unquantified damages against the council and its 22 members and the EEC. However, the brokers suffered a setback when, in a separate action, the High Court threw out a bid to have the ITC wound up.

## Long wrangle expected over coffee quotas

BY ANDREW GOWERS

COFFEE IMPORTERS and exporters meet in London next Monday for what looks set to become a protracted wrangle over the terms for reintroducing quota controls on the \$100m a year international coffee market.

Producing countries have been pressing for the speedy resumption of quotas under the International Coffee Agreement as a safety net for prices, which in recent weeks have plummeted to their lowest levels in four and a half years. Quotas were suspended a year ago, when prices were soaring as a result of a sharp reduction in the key Brazilian crop.

However, leading consumers—their attitude hardened towards commodity price-support pacts in general—have been seeking to delay such a move until what they regard as a more rational basis for distributing the quotas has been worked out.

This debate is likely to break into the open next week, but it will also be complicated by shifting positions on the part of countries, and by recently-revealed divisions within the producer camp. As a result, the idea is gaining ground among market analysts that quotas will not come into force again until the beginning of the next coffee year in October.

Next week's meeting will formally be considering a producers' proposal to set a total quota of 50m bags (60 kg each) for the 12 months starting on March 1—distributed among exporting countries on the same basis as when quotas were last in force.

Consuming countries such as

the US argue, however, that this formula for carving up the market—which gives Brazil a guaranteed share of about 30 per cent—has been discredited by the shortfall in last year's Brazilian crop. They want quotas to be fixed according to what they describe as "objective criteria" including statistics on coffee availability—although they have failed as yet to agree how to flesh out their ideas.

Interestingly, their case has gained additional weight this week as a result of similar proposals by a small breakaway group of producing countries. This group, which accounts for 18 per cent of producer votes within the International Coffee Organisation and includes Costa Rica, Honduras and Indonesia, suggests that market shares should be worked out with reference to official figures on past exports and stocks.

"This is the first time that the producers have really broken ranks," said one analyst. However, the splitter group's proposal to raise the official price range between 134 and 154 US cents per lb from the current band of 120 to 140 cents seems likely to meet stiff resistance from importers.

The strong impression persists that consumers, and some producers, would like to postpone the reintroduction of quotas until the market has had more time to work—and to reveal the natural trade patterns which they argue have been obscured by distortions under the ICA.

## Producers seek bigger Japanese beef quotas

By Chris Sherwell in Sydney

CATTLE PRODUCERS from four exporting countries have called Japan's tight beef import quotas "unfair" and said they will urge their governments to press Tokyo for improved access to the Japanese market.

The move came at a meeting near Brisbane yesterday of cattle producing associations from the US, Canada, Australia and New Zealand.

According to a communiqué the meeting also expressed opposition to the European Community's intended imposition of complex restrictions on a range of synthetic growth promotion hormones "without scientific justification."

The criticism of the EEC came as part of a general attack on the use of non-trade trade barriers. The industry associations also said that, to wind back protectionism, subsidised prices should be reduced from this year and direct price supports should not be used to subsidise farm incomes.

More generally, they agreed to "co-operate closely to restate beef's dominant position in the world meat trade" and voiced support for a single world meat inspection standard based on US Department of Agriculture standards.

The appeal for pressure against Japan springs from the fact that this is the last year of operation for existing arrangements concerning beef imports into Japan.

Negotiations on new arrangements are due to start later this year. The Japanese beef market is important to the four exporters' cattle industries.

## LONDON MARKETS

COFFEE'S former sentiment was again apparent on the London Metal Exchange yesterday and the breaking of fresh resistance points sparked fresh speculative buying. But values were trimmed back somewhat late in the day on freer lending (selling cash and buying forward) which dealers thought might be in response to hopes that the three-month-old strike at Noranda's Horne smelter might be ended by a federal conciliator's recommendation today.

Cash Grade A copper closed at \$326.50 a tonne, up 10.75, and three months closed at \$331.25, up 29.50. In contrast LME aluminium lost most of Wednesday's gains with cash position ended 11 lower at \$862.50 a tonne. Dealers said there was some profit-taking in anticipation of what some described as an "overvalued" reaction following recent strong gains. Zinc was also lower, in sympathy with copper dealers said, and the cash position ended 25 down at \$484 a tonne.

LME prices supplied by Aluminized Metal Trading.

## ALUMINIUM

| Grade   | Official closing (am) Cash | 3 months | 5 months |
|---------|----------------------------|----------|----------|
| Grade A | 862.50                     | 867.50   | 872.50   |
| Grade B | 857.50                     | 862.50   | 867.50   |

Official closing (am): Cash 862.50 (860-1), three months 867.50 (865-1), 5 months 872.50 (870-1). Final mark close: 862.50.

Standard: 862.50-1.50, 5 months 867.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

Official closing (am): Cash 867.50 (865-1), three months 872.50 (870-1), 5 months 877.50 (875-1). Final mark close: 867.50.

Standard: 867.50-1.50, 5 months 872.50-1.50.

## INDICES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: September 1981=100)

## DOW JONES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## MAIN PRICE CHANGES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## METALS

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## OILS

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## GRAINS

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## COFFEE

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## COPPER

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## LEAD

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## NICKEL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## ZINC

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## TIN

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## GOLD

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## SILVER

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## SOYABEAN MEAL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## POTATOES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## MEAT

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## FUTURES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## COTTON

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## WHEAT

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## BARLEY

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## RUBBER

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## SUGAR

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## HEAVY FUEL OIL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## CRUDE OIL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## GAS OIL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## FRESH FRUIT

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## VEGETABLES

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## US MARKETS

TRADE AND LOCAL buying initially took gold futures to the resistance levels commencing \$400, basis April, reports Drexel Burnham Lambert. Following narrow range trading around these higher levels renewed buying interest touched off steps above \$400.50 as the market rose sharply before the close. Platinum also rallied strongly towards the close as local and commission house buying and short-covering took the market through medium-term downtrends and prices rose in a move reflecting the gold. Silver futures featured by the support at lower levels before also reacting on the upside. Early trading in copper futures rallied prices before a combination of local commission house and arbitrage selling pared gains. Local short-covering saw prices recover towards the close as the market moved above the 65.00 level in March. Early local and commission house selling in crude oil futures saw prices fall, but support emerged to prompt short-covering. The trade was a noted buyer in the back months.

Trade buying in near months against selling in forward months was enough to steady the market in anticipation of the ICO meeting. Industry buying near contracts lows in cocoa futures prompted short-covering, especially by the trade, as the market steadied. Good Japanese buying in the March and October delivery months coupled with trade support at the lows helped sugar futures rally despite price-advance selling at the high and commission house rolling of near positions into forward months. Commission house liquidation in March cotton futures touched off steps as the market fell on a technical basis before trade buying emerged at the lows. The grains were lacklustre.

NEW YORK  
ALUMINIUM 42,000 lb. cents/lb.  
Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## COPPER

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## LEAD

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## NICKEL

Feb. 19 Feb. 17 Mth Year ago  
1984 1985 1986 1987  
(Base: December 31 1981=100)

## ZINC

Feb. 19 Feb. 17 Mth Year ago



## CURRENCIES, MONEY &amp; CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar erratic on G-7 news

THE DOLLAR rose sharply in currency markets yesterday, following news that finance ministers of the group of seven nations were to meet in Paris this weekend. However it fell virtually all of its gains later in the day as dealers became less than enamoured with comments made by Mr Paul Volcker, chairman of the US Federal Reserve Board.

Reports of a G-7 meeting were first heard in Tokyo and dealers moved quickly to buy dollars amid hopes that some sort of dollar support package would be forthcoming. News of the meeting led to overshooting of other market factors, with a downward revision in US fourth quarter GNP to 1.5 per cent from 1.7 per cent generally ignored for the time being.

Comments by Mr Paul Volcker, chairman of the US Federal Reserve Board and also by Mr James Baker, US Treasury Secretary were still being digested by the market in the early part of the afternoon but towards the close in London the market became wary following Mr Volcker's cautionary note on the dangers of trade deficits on growth potential.

Consequently the dollar gave up most of the day's gains and finished only marginally firmer from overnight levels. The market was also starting to show signs of doubt concerning the G-7 meeting because of the problems involved with making practical any agreement reached on paper.

The dollar touched a best level of DM1.8300 early in the day but slipped back to finish at DM1.8235 compared with DM1.8245 against the yen it finished at ¥154.65 from ¥153.75 and SF1.5515 from SF1.5470. Against the French franc it rose to FF1.0500 from FF1.0490. On Bank of England figures, the £ in NEW YORK

| Feb 19   | Latest        | Previous      |
|----------|---------------|---------------|
| 6 month  | 1.5200-1.5250 | 1.5300-1.5350 |
| 3 month  | 1.5150-1.5200 | 1.5250-1.5300 |
| 12 month | 1.5100-1.5150 | 1.5200-1.5250 |

Forward premiums and discounts apply to the U.S. dollar.

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

| Feb. 19  | Previous |
|----------|----------|
| 6.30 am  | 69.5     |
| 10.00 am | 69.5     |
| 11.00 am | 69.5     |
| 12.00 pm | 69.5     |
| 1.00 pm  | 69.5     |
| 2.00 pm  | 69.5     |
| 3.00 pm  | 69.5     |
| 4.00 pm  | 69.5     |

dollar's exchange rate index rose to 104.4 from 104.2. STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.7000. January average 1.5071. Exchange rate index 69.2 against 68.5 at the start and 69.3 on Wednesday. The six months average was 68.8.

Sterling opened on a firm note, helped to some extent by a stronger dollar and also by increased optimism over the UK economy. More opinion polls pointing to a Conservative Party lead also provided background support. However, it lost ground during the afternoon as the dollar weakened and closed at \$1.5260 from \$1.5320. Against the D-Mark it slipped to DM 2.7975 from DM 2.8005 and ¥235.00 from ¥235.90 on Wednesday. The dollar closed at ¥154.75 from ¥153.90 in New York and ¥153.35 in Tokyo on Wednesday.

In Lagos the Nigerian naira fell sharply against the dollar at yesterday's auction. The dollar was fixed at 3,900 naira compared with 3,000 the previous week. The high premium commanded by the dollar was effectively the result of the central bank only offering \$50m instead of the more usual \$75m. The effective rate for the coming week, which includes a 0.5 per cent levy is 3,924.

EMIS EUROPEAN CURRENCY UNIT RATES

| Unit          | Rate    | % change |
|---------------|---------|----------|
| Belgian Franc | 22.4582 | +0.74    |
| Dutch Guilder | 7.8212  | -0.93    |
| German D-Mark | 2.0036  | +0.38    |
| French Franc  | 6.5596  | +0.38    |
| Italian Lira  | 2.3367  | +0.55    |
| Japanese Yen  | 161.27  | +0.55    |
| Swiss Franc   | 2.0036  | +0.38    |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustments calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

| Feb. 19      | Day's spread  | Close         | One month     | %    | Three months  | %    |
|--------------|---------------|---------------|---------------|------|---------------|------|
| US           | 1.5170-1.5270 | 1.5255-1.5265 | 0.54-0.51 c/m | 4.13 | 1.50-1.45 p/m | 3.27 |
| Canada       | 2.0295-2.0365 | 2.0295-2.0305 | 0.54-0.51 c/m | 4.13 | 1.50-1.38 p/m | 2.84 |
| West Germany | 3.159-3.19    | 3.16-3.17     | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| France       | 2.0295-2.0365 | 2.0295-2.0305 | 0.54-0.51 c/m | 4.13 | 1.50-1.38 p/m | 2.84 |
| Denmark      | 10.564-10.64  | 10.564-10.57  | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Ireland      | 1.020-1.015   | 1.0255-1.0265 | 0.30-0.30 p/m | 4.55 | 0.85-1.05 p/m | 1.60 |
| W. Germany   | 2.7975-2.8025 | 2.7975-2.8025 | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Japan        | 214.75-215.75 | 214.75-215.75 | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Spain        | 167.45-168.55 | 167.45-168.55 | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Italy        | 1985-2015     | 1985-2015     | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Sweden       | 10.70-10.75   | 10.70-10.75   | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |
| Switzerland  | 2.34-2.38     | 2.34-2.37     | 17-12 c/m     | 5.21 | 44-37 p/m     | 5.06 |

12 month rate for convertible franc, financial franc 38.60-38.70, six-month forward dollar 2.79-2.74 c/m. 12 month 5.20-5.10 c/m.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| DOLLAR SPOT—FORWARD AG |               |               |  |   |
|------------------------|---------------|---------------|--|---|
| Feb. 19                | Day's spread  | Close         |  |   |
| UK                     | 1.5170-1.5270 | 1.5255-1.5265 |  | 0 |
| Ireland                | 1.4335-1.4540 | 1.4455-1.4465 |  | 0 |
| Canada                 | 1.3300-1.3382 | 1.3320-1.3370 |  | 0 |



### AMERICANS—Cont.

| Stock                | Price  | + or - | Adv | Per | Yrs |
|----------------------|--------|--------|-----|-----|-----|
| Steel                |        |        |     |     |     |
| Acad New York        | 73 1/4 |        |     |     | 1.9 |
| Acad Steel Corp \$1  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$2  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$3  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$4  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$5  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$6  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$7  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$8  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$9  | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$10 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$11 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$12 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$13 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$14 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$15 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$16 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$17 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$18 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$19 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$20 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$21 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$22 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$23 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$24 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$25 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$26 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$27 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$28 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$29 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$30 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$31 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$32 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$33 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$34 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$35 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$36 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$37 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$38 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$39 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$40 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$41 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$42 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$43 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$44 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$45 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$46 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$47 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$48 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$49 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$50 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$51 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$52 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$53 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$54 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$55 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$56 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$57 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$58 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$59 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$60 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$61 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$62 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$63 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$64 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$65 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$66 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$67 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$68 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$69 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$70 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$71 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$72 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$73 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$74 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$75 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$76 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$77 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$78 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$79 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$80 | 92 1/4 |        |     |     | 3.0 |
| Acad Steel Corp \$81 | 92 1/4 |        |     |     | 3.0 |

## ENGINEERING—Continued

|     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |      |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 | 201 | 202 | 203 | 204 | 205 | 206 | 207 | 208 | 209 | 210 | 211 | 212 | 213 | 214 | 215 | 216 | 217 | 218 | 219 | 220 | 221 | 222 | 223 | 224 | 225 | 226 | 227 | 228 | 229 | 230 | 231 | 232 | 233 | 234 | 235 | 236 | 237 | 238 | 239 | 240 | 241 | 242 | 243 | 244 | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 | 258 | 259 | 260 | 261 | 262 | 263 | 264 | 265 | 266 | 267 | 268 | 269 | 270 | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 279 | 280 | 281 | 282 | 283 | 284 | 285 | 286 | 287 | 288 | 289 | 290 | 291 | 292 | 293 | 294 | 295 | 296 | 297 | 298 | 299 | 300 | 301 | 302 | 303 | 304 | 305 | 306 | 307 | 308 | 309 | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 | 323 | 324 | 325 | 326 | 327 | 328 | 329 | 330 | 331 | 332 | 333 | 334 | 335 | 336 | 337 | 338 | 339 | 340 | 341 | 342 | 343 | 344 | 345 | 346 | 347 | 348 | 349 | 350 | 351 | 352 | 353 | 354 | 355 | 356 | 357 | 358 | 359 | 360 | 361 | 362 | 363 | 364 | 365 | 366 | 367 | 368 | 369 | 370 | 371 | 372 | 373 | 374 | 375 | 376 | 377 | 378 | 379 | 380 | 381 | 382 | 383 | 384 | 385 | 386 | 387 | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 | 401 | 402 | 403 | 404 | 405 | 406 | 407 | 408 | 409 | 410 | 411 | 412 | 413 | 414 | 415 | 416 | 417 | 418 | 419 | 420 | 421 | 422 | 423 | 424 | 425 | 426 | 427 | 428 | 429 | 430 | 431 | 432 | 433 | 434 | 435 | 436 | 437 | 438 | 439 | 440 | 441 | 442 | 443 | 444 | 445 | 446 | 447 | 448 | 449 | 450 | 451 | 452 | 453 | 454 | 455 | 456 | 457 | 458 | 459 | 460 | 461 | 462 | 463 | 464 | 465 | 466 | 467 | 468 | 469 | 470 | 471 | 472 | 473 | 474 | 475 | 476 | 477 | 478 | 479 | 480 | 481 | 482 | 483 | 484 | 485 | 486 | 487 | 488 | 489 | 490 | 491 | 492 | 493 | 494 | 495 | 496 | 497 | 498 | 499 | 500 | 501 | 502 | 503 | 504 | 505 | 506 | 507 | 508 | 509 | 510 | 511 | 512 | 513 | 514 | 515 | 516 | 517 | 518 | 519 | 520 | 521 | 522 | 523 | 524 | 525 | 526 | 527 | 528 | 529 | 530 | 531 | 532 | 533 | 534 | 535 | 536 | 537 | 538 | 539 | 540 | 541 | 542 | 543 | 544 | 545 | 546 | 547 | 548 | 549 | 550 | 551 | 552 | 553 | 554 | 555 | 556 | 557 | 558 | 559 | 560 | 561 | 562 | 563 | 564 | 565 | 566 | 567 | 568 | 569 | 570 | 571 | 572 | 573 | 574 | 575 | 576 | 577 | 578 | 579 | 580 | 581 | 582 | 583 | 584 | 585 | 586 | 587 | 588 | 589 | 590 | 591 | 592 | 593 | 594 | 595 | 596 | 597 | 598 | 599 | 600 | 601 | 602 | 603 | 604 | 605 | 606 | 607 | 608 | 609 | 610 | 611 | 612 | 613 | 614 | 615 | 616 | 617 | 618 | 619 | 620 | 621 | 622 | 623 | 624 | 625 | 626 | 627 | 628 | 629 | 630 | 631 | 632 | 633 | 634 | 635 | 636 | 637 | 638 | 639 | 640 | 641 | 642 | 643 | 644 | 645 | 646 | 647 | 648 | 649 | 650 | 651 | 652 | 653 | 654 | 655 | 656 | 657 | 658 | 659 | 660 | 661 | 662 | 663 | 664 | 665 | 666 | 667 | 668 | 669 | 670 | 671 | 672 | 673 | 674 | 675 | 676 | 677 | 678 | 679 | 680 | 681 | 682 | 683 | 684 | 685 | 686 | 687 | 688 | 689 | 690 | 691 | 692 | 693 | 694 | 695 | 696 | 697 | 698 | 699 | 700 | 701 | 702 | 703 | 704 | 705 | 706 | 707 | 708 | 709 | 710 | 711 | 712 | 713 | 714 | 715 | 716 | 717 | 718 | 719 | 720 | 721 | 722 | 723 | 724 | 725 | 726 | 727 | 728 | 729 | 730 | 731 | 732 | 733 | 734 | 735 | 736 | 737 | 738 | 739 | 740 | 741 | 742 | 743 | 744 | 745 | 746 | 747 | 748 | 749 | 750 | 751 | 752 | 753 | 754 | 755 | 756 | 757 | 758 | 759 | 760 | 761 | 762 | 763 | 764 | 765 | 766 | 767 | 768 | 769 | 770 | 771 | 772 | 773 | 774 | 775 | 776 | 777 | 778 | 779 | 780 | 781 | 782 | 783 | 784 | 785 | 786 | 787 | 788 | 789 | 790 | 791 | 792 | 793 | 794 | 795 | 796 | 797 | 798 | 799 | 800 | 801 | 802 | 803 | 804 | 805 | 806 | 807 | 808 | 809 | 810 | 811 | 812 | 813 | 814 | 815 | 816 | 817 | 818 | 819 | 820 | 821 | 822 | 823 | 824 | 825 | 826 | 827 | 828 | 829 | 830 | 831 | 832 | 833 | 834 | 835 | 836 | 837 | 838 | 839 | 840 | 841 | 842 | 843 | 844 | 845 | 846 | 847 | 848 | 849 | 850 | 851 | 852 | 853 | 854 | 855 | 856 | 857 | 858 | 859 | 860 | 861 | 862 | 863 | 864 | 865 | 866 | 867 | 868 | 869 | 870 | 871 | 872 | 873 | 874 | 875 | 876 | 877 | 878 | 879 | 880 | 881 | 882 | 883 | 884 | 885 | 886 | 887 | 888 | 889 | 890 | 891 | 892 | 893 | 894 | 895 | 896 | 897 | 898 | 899 | 900 | 901 | 902 | 903 | 904 | 905 | 906 | 907 | 908 | 909 | 910 | 911 | 912 | 913 | 914 | 915 | 916 | 917 | 918 | 919 | 920 | 921 | 922 | 923 | 924 | 925 | 926 | 927 | 928 | 929 | 930 | 931 | 932 | 933 | 934 | 935 | 936 | 937 | 938 | 939 | 940 | 941 | 942 | 943 | 944 | 945 | 946 | 947 | 948 | 949 | 950 | 951 | 952 | 953 | 954 | 955 | 956 | 957 | 958 | 959 | 960 | 961 | 962 | 963 | 964 | 965 | 966 | 967 | 968 | 969 | 970 | 971 | 972 | 973 | 974 | 975 | 976 | 977 | 978 | 979 | 980 | 981 | 982 | 983 | 984 | 985 | 986 | 987 | 988 | 989 | 990 | 991 | 992 | 993 | 994 | 995 | 996 | 997 | 998 | 999 | 1000 |
| 174 | 175 | 176 | 177 | 178 | 179 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 198 | 199 | 200 | 201 | 202 | 203 | 204 | 205 | 206 | 207 | 208 | 209 | 210 | 211 | 212 | 213 | 214 | 215 | 216 | 217 | 218 | 219 | 220 | 221 | 222 | 223 | 224 | 225 | 226 | 227 | 228 | 229 | 230 | 231 | 232 | 233 | 234 | 235 | 236 | 237 | 238 | 239 | 240 | 241 | 242 | 243 | 244 | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 | 258 | 259 | 260 | 261 | 262 | 263 | 264 | 265 | 266 | 267 | 268 | 269 | 270 | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 279 | 280 | 281 | 282 | 283 | 284 | 285 | 286 | 287 | 288 | 289 | 290 | 291 | 292 | 293 | 294 | 295 | 296 | 297 | 298 | 299 | 300 | 301 | 302 | 303 | 304 | 305 | 306 | 307 | 308 | 309 | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 | 323 | 324 | 325 | 326 | 327 | 328 | 329 | 330 | 331 | 332 | 333 | 334 | 335 | 336 | 337 | 338 | 339 | 340 | 341 | 342 | 343 | 344 | 345 | 346 | 347 | 348 | 349 | 350 | 351 | 352 | 353 | 354 | 355 | 356 | 357 | 358 | 359 | 360 | 361 | 362 | 363 | 364 | 365 | 366 | 367 | 368 | 369 | 370 | 371 | 372 | 373 | 374 | 375 | 376 | 377 | 378 | 379 | 380 | 381 | 382 | 383 | 384 | 385 | 386 | 387 | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 | 401 | 402 | 403 | 404 | 405 | 406 | 407 | 408 | 409 | 410 | 411 | 412 | 413 | 414 | 415 | 416 | 417 | 418 | 419 | 420 | 421 | 422 | 423 | 424 | 425 | 426 | 427 | 428 | 429 | 430 | 431 | 432 | 433 | 434 | 435 | 436 | 437 | 438 | 439 | 440 | 441 | 442 | 443 | 444 | 445 | 446 | 447 | 448 | 449 | 450 | 451 | 452 | 453 | 454 | 455 | 456 | 457 | 458 | 459 | 460 | 461 | 462 | 463 | 464 | 465 | 466 | 467 | 468 | 469 | 470 | 471 | 472 | 473 | 474 | 475 | 476 | 477 | 478 | 479 | 480 | 481 | 482 | 483 | 484 | 485 | 486 | 487 | 488 | 489 | 490 | 491 | 492 | 493 | 494 | 495 | 496 | 497 | 498 | 499 | 500 | 501 | 502 | 503 | 504 | 505 | 506 | 507 | 508 | 509 | 510 | 511 | 512 | 513 | 514 | 515 | 516 | 517 | 518 | 519 | 520 | 521 | 522 | 523 | 524 | 525 | 526 | 527 | 528 | 529 | 530 | 531 | 532 | 533 | 534 | 535 | 536 | 537 | 538 | 539 | 540 | 541 | 542 | 543 | 544 | 545 | 546 | 547 | 548 | 549 | 550 | 551 | 552 | 553 | 554 | 555 | 556 | 557 | 558 | 559 | 560 | 561 | 562 | 563 | 564 | 565 | 566 | 567 | 568 | 569 | 570 | 571 | 572 | 573 | 574 | 575 | 576 | 577 | 578 | 579 | 580 | 581 | 582 | 583 | 584 | 585 | 586 | 587 | 588 | 589 | 590 | 591 | 592 | 593 | 594 | 595 | 596 | 597 | 598 | 599 | 600 | 601 | 602 | 603 | 604 | 605 | 606 | 607 | 608 | 609 | 610 | 611 | 612 | 613 | 614 | 615 | 616 | 617 | 618 | 619 | 620 | 621 | 622 | 623 | 624 | 625 | 626 | 627 | 628 | 629 | 630 | 631 | 632 | 633 | 634 | 635 | 636 | 637 | 638 | 639 | 640 | 641 | 642 | 643 | 644 | 645 | 646 | 647 | 648 | 649 | 650 | 651 | 652 | 653 | 654 | 655 | 656 | 657 | 658 | 659 | 660 | 661 | 662 | 663 | 664 | 665 | 666 | 667 | 668 | 669 | 670 | 671 | 672 | 673 | 674 | 675 | 676 | 677 | 678 | 679 | 680 | 681 | 682 | 683 | 684 | 685 | 686 | 687 | 688 | 689 | 690 | 691 | 692 | 693 | 694 | 695 | 696 | 697 | 698 | 699 | 700 | 701 | 702 | 703 | 704 | 705 | 706 | 707 | 708 | 709 | 710 | 711 | 712 | 713 | 714 | 715 | 716 | 717 | 718 | 719 | 720 | 721 | 722 | 723 | 724 | 725 | 726 | 727 | 728 | 729 | 730 | 731 | 732 | 733 | 734 | 735 | 736 | 737 | 738 | 739 | 740 | 741 | 742 | 743 | 744 | 745 | 746 | 747 | 748 | 749 | 750 | 751 | 752 | 753 | 754 | 755 | 756 | 757 | 758 | 759 | 760 | 761 | 762 | 763 | 764 | 765 | 766 | 767 | 768 | 769 | 770 | 771 | 772 | 773 | 774 | 775 | 776 | 777 | 778 | 779 | 780 | 781 | 782 | 783 | 784 | 785 | 786 | 787 | 788 | 789 | 790 | 791 | 792 | 793 | 794 | 795 | 796 | 797 | 798 | 799 | 800 | 801 | 802 | 803 | 804 | 805 | 806 | 807 | 808 | 809 | 810 | 811 | 812 | 813 | 814 | 815 | 816 | 817 | 818 | 819 | 820 | 821 | 822 | 823 | 824 | 825 | 826 | 827 | 828 | 829 | 830 | 831 | 832 | 833 | 834 | 835 | 836 | 837 | 838 | 839 | 840 | 841 | 842 | 843 | 844 | 845 | 846 | 847 | 848 | 849 | 850 | 851 | 852 | 853 | 854 | 855 | 856 | 857 | 858 | 859 | 860 | 861 | 862 | 863 | 864 | 865 | 866 | 867 | 868 | 869 | 870 | 871 | 872 | 873 | 874 | 875 | 876 | 877 | 878 | 879 | 880 | 881 | 882 | 883 | 884 | 885 | 886 | 887 | 888 | 889 | 890 | 891 | 892 | 893 |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |     |      |

**INDUSTRIALS—Continued**[illegible]

|            |     |    |       |
|------------|-----|----|-------|
| Simon Edge | 328 | +8 | H11.5 |
| 600 Groun  | 111 | 13 | 5.78  |

|    |    |     |                 |     |   |     |
|----|----|-----|-----------------|-----|---|-----|
| 23 | 71 | 29  | South Wharf, S. | 645 | + | 0.2 |
| 22 | 70 | 28  | South Wharf, N. | 645 | + | 0.2 |
| 21 | 69 | 27  | South Wharf, S. | 645 | + | 0.2 |
| 20 | 68 | 26  | South Wharf, N. | 645 | + | 0.2 |
| 19 | 67 | 25  | South Wharf, S. | 645 | + | 0.2 |
| 18 | 66 | 24  | South Wharf, N. | 645 | + | 0.2 |
| 17 | 65 | 23  | South Wharf, S. | 645 | + | 0.2 |
| 16 | 64 | 22  | South Wharf, N. | 645 | + | 0.2 |
| 15 | 63 | 21  | South Wharf, S. | 645 | + | 0.2 |
| 14 | 62 | 20  | South Wharf, N. | 645 | + | 0.2 |
| 13 | 61 | 19  | South Wharf, S. | 645 | + | 0.2 |
| 12 | 60 | 18  | South Wharf, N. | 645 | + | 0.2 |
| 11 | 59 | 17  | South Wharf, S. | 645 | + | 0.2 |
| 10 | 58 | 16  | South Wharf, N. | 645 | + | 0.2 |
| 9  | 57 | 15  | South Wharf, S. | 645 | + | 0.2 |
| 8  | 56 | 14  | South Wharf, N. | 645 | + | 0.2 |
| 7  | 55 | 13  | South Wharf, S. | 645 | + | 0.2 |
| 6  | 54 | 12  | South Wharf, N. | 645 | + | 0.2 |
| 5  | 53 | 11  | South Wharf, S. | 645 | + | 0.2 |
| 4  | 52 | 10  | South Wharf, N. | 645 | + | 0.2 |
| 3  | 51 | 9   | South Wharf, S. | 645 | + | 0.2 |
| 2  | 50 | 8   | South Wharf, N. | 645 | + | 0.2 |
| 1  | 49 | 7   | South Wharf, S. | 645 | + | 0.2 |
|    | 48 | 6   | South Wharf, N. | 645 | + | 0.2 |
|    | 47 | 5   | South Wharf, S. | 645 | + | 0.2 |
|    | 46 | 4   | South Wharf, N. | 645 | + | 0.2 |
|    | 45 | 3   | South Wharf, S. | 645 | + | 0.2 |
|    | 44 | 2   | South Wharf, N. | 645 | + | 0.2 |
|    | 43 | 1   | South Wharf, S. | 645 | + | 0.2 |
|    | 42 | 0   | South Wharf, N. | 645 | + | 0.2 |
|    | 41 | -1  | South Wharf, S. | 645 | + | 0.2 |
|    | 40 | -2  | South Wharf, N. | 645 | + | 0.2 |
|    | 39 | -3  | South Wharf, S. | 645 | + | 0.2 |
|    | 38 | -4  | South Wharf, N. | 645 | + | 0.2 |
|    | 37 | -5  | South Wharf, S. | 645 | + | 0.2 |
|    | 36 | -6  | South Wharf, N. | 645 | + | 0.2 |
|    | 35 | -7  | South Wharf, S. | 645 | + | 0.2 |
|    | 34 | -8  | South Wharf, N. | 645 | + | 0.2 |
|    | 33 | -9  | South Wharf, S. | 645 | + | 0.2 |
|    | 32 | -10 | South Wharf, N. | 645 | + | 0.2 |
|    | 31 | -11 | South Wharf, S. | 645 | + | 0.2 |
|    | 30 | -12 | South Wharf, N. | 645 | + | 0.2 |
|    | 29 | -13 | South Wharf, S. | 645 | + | 0.2 |
|    | 28 | -14 | South Wharf, N. | 645 | + | 0.2 |
|    | 27 | -15 | South Wharf, S. | 645 | + | 0.2 |
|    | 26 | -16 | South Wharf, N. | 645 | + | 0.2 |
|    | 25 | -17 | South Wharf, S. | 645 | + | 0.2 |
|    | 24 | -18 | South Wharf, N. | 645 | + | 0.2 |
|    | 23 | -19 | South Wharf, S. | 645 | + | 0.2 |
|    | 22 | -20 | South Wharf, N. | 645 | + | 0.2 |
|    | 21 | -21 | South Wharf, S. | 645 | + | 0.2 |
|    | 20 | -22 | South Wharf, N. | 645 | + | 0.2 |
|    | 19 | -23 | South Wharf, S. | 645 | + | 0.2 |
|    | 18 | -24 | South Wharf, N. | 645 | + | 0.2 |
|    | 17 | -25 | South Wharf, S. | 645 | + | 0.2 |
|    | 16 | -26 | South Wharf, N. | 645 | + | 0.2 |
|    | 15 | -27 | South Wharf, S. | 645 | + | 0.2 |
|    | 14 | -28 | South Wharf, N. | 645 | + | 0.2 |
|    | 13 | -29 | South Wharf, S. | 645 | + | 0.2 |
|    | 12 | -30 | South Wharf, N. | 645 | + | 0.2 |
|    | 11 | -31 | South Wharf, S. | 645 | + | 0.2 |
|    | 10 | -32 | South Wharf, N. | 645 | + | 0.2 |
|    | 9  | -33 | South Wharf, S. | 645 | + | 0.2 |
|    | 8  | -34 | South Wharf, N. | 645 | + | 0.2 |
|    | 7  | -35 | South Wharf, S. | 645 | + | 0.2 |
|    | 6  | -36 | South Wharf, N. | 645 | + | 0.2 |
|    | 5  | -37 | South Wharf, S. | 645 | + | 0.2 |
|    | 4  | -38 | South Wharf, N. | 645 | + | 0.2 |
|    | 3  | -39 | South Wharf, S. | 645 | + | 0.2 |
|    | 2  | -40 | South Wharf, N. | 645 | + | 0.2 |
|    | 1  | -41 | South Wharf, S. | 645 | + | 0.2 |
|    | 0  | -42 | South Wharf, N. | 645 | + | 0.2 |
|    | -1 | -43 | South Wharf, S. | 645 | + | 0.2 |
|    | -2 | -44 | South Wharf, N. | 645 | + |     |

|                     |     |       |
|---------------------|-----|-------|
| Consultant: Sp      | 202 | 10.79 |
| Cont. Fund-ent: 10a | 88  | 67.0  |

[illegible]

|               |     |    |    |
|---------------|-----|----|----|
| of Wales..... | 69  | -1 | ♦  |
| Days El.....  | 365 | -4 | 11 |

[illegible]

|                   |     |     |
|-------------------|-----|-----|
| Car's Milling     | 216 | 65  |
| Chambers & Fargus | 62  | 229 |

[illegible]

|                    |    |   |    |   |    |
|--------------------|----|---|----|---|----|
| Ferrybrook 20p     | 25 | 2 | 11 | 2 | 12 |
| Ferrybrook 4-Chron | 62 | 1 |    |   |    |

[illegible]

|                |          |    |
|----------------|----------|----|
| Child JJ Hldgs | 1502-112 | 13 |
| Warrants       | 771-1    |    |

|                |     |     |      |    |     |     |
|----------------|-----|-----|------|----|-----|-----|
| W. of Scotland | 339 | -8  | 10.5 | 37 | 4.0 | 8.0 |
| Stew. Cl.      | 785 | -5  | 10.0 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.0 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Chert. Cl. | 754 | -10 | 10.5 | 22 | 6.5 | 8.4 |
| Discount       | 78  | -7  | 10.5 | 22 | 4.7 | 9.1 |
| Payable S.S.   | 625 | 4   | 10.5 | 54 | 3.8 | -   |
| due S.S.       | 206 | -3  | 10.5 | 25 | 6.8 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 22 | 1.0 | -   |
| Stew. Cl.      | 785 | -5  | 10.5 | 19 | 1.9 | -   |
| W. of Scot.    | 100 | -1  | 10.5 | 10 | 1.0 | -   |
| Pacific S.W.   | 527 | 4   | 10.5 | 30 | 3.0 | -   |
| and Ch         |     |     |      |    |     |     |

|                |     |     |       |
|----------------|-----|-----|-------|
| Rowtree M. 50p | 475 | -13 | 192.2 |
|----------------|-----|-----|-------|

[illegible]

|                      |     |    |     |
|----------------------|-----|----|-----|
| News U.I.            | 225 | +5 | 127 |
| High-Prest. Sec. 10a | 225 | +5 | 127 |

[illegible]

|      |     |    |   |
|------|-----|----|---|
| 1995 | 308 | +3 | 8 |
| 1996 | 307 | +1 | 7 |

[illegible]

|                        |         |        |
|------------------------|---------|--------|
| Mt. Charlotte 10p..... | 115 1/2 | 11.4   |
| Modell's Capital Ea    | 73      | 120.30 |

[illegible]

|           |     |     |     |
|-----------|-----|-----|-----|
| Key Inds. | 275 |     | 75  |
| Key Inds. | 390 | +10 | 875 |

[illegible]



**MINES—Continued**[illegible]

|      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 |
| 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 |
| 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 | 1832 | 1831 | 1830 | 1829 | 1828 | 1827 | 1826 | 1825 | 1824 | 1823 | 1822 | 1821 | 1820 | 1819 | 1818 | 1817 | 1816 | 1815 | 1814 | 1813 | 1812 | 1811 | 1810 | 1809 | 1808 | 1807 | 1806 | 1805 | 1804 | 1803 | 1802 | 1801 | 1800 | 1799 | 1798 | 1797 | 1796 | 1795 | 1794 | 1793 | 1792 | 1791 | 1790 | 1789 | 1788 | 1787 | 1786 | 1785 | 1784 | 1783 | 1782 | 1781 | 1780 | 1779 | 1778 | 1777 | 1776 | 1775 | 1774 | 1773 | 1772 | 1771 | 1770 | 1769 | 1768 | 1767 | 1766 | 1765 | 1764 | 1763 | 1762 | 1761 | 1760 | 1759 | 1758 | 1757 | 1756 | 1755 | 1754 | 1753 | 1752 | 1751 | 1750 | 1749 | 1748 | 1747 | 1746 | 1745 | 1744 | 1743 | 1742 | 1741 | 1740 | 1739 | 1738 | 1737 | 1736 | 1735 | 1734 | 1733 | 1732 | 1731 | 1730 | 1729 | 1728 | 1727 | 1726 | 1725 | 1724 | 1723 | 1722 | 1721 | 1720 | 1719 | 1718 | 1717 | 1716 | 1715 | 1714 | 1713 | 1712 | 1711 | 1710 | 1709 | 1708 | 1707 | 1706 | 1705 | 1704 | 1703 | 1702 | 1701 | 1700 | 1699 | 1698 | 1697 | 1696 | 1695 | 1694 | 1693 | 1692 | 1691 | 1690 | 1689 | 1688 | 1687 | 1686 | 1685 | 1684 | 1683 | 1682 | 1681 | 1680 | 1679 | 1678 | 1677 | 1676 | 1675 | 1674 | 1673 | 1672 | 1671 | 1670 | 1669 | 1668 | 1667 | 1666 | 1665 | 1664 | 1663 | 1662 | 1661 | 1660 | 1659 | 1658 | 1657 | 1656 | 1655 | 1654 | 1653 | 1652 | 1651 | 1650 | 1649 | 1648 | 1647 | 1646 | 1645 | 1644 | 1643 | 1642 | 1641 | 1640 | 1639 | 1638 | 1637 | 1636 | 1635 | 1634 | 1633 | 1632 | 1631 | 1630 | 1629 | 1628 | 1627 | 1626 | 1625 | 1624 | 1623 | 1622 | 1621 | 1620 | 1619 | 1618 | 1617 | 1616 | 1615 | 1614 | 1613 | 1612 | 1611 | 1610 | 1609 | 1608 | 1607 | 1606 | 1605 | 1604 | 1603 | 1602 | 1601 | 1600 | 1599 | 1598 | 1597 | 1596 | 1595 | 1594 | 1593 | 1592 | 1591 | 1590 | 1589 | 1588 | 1587 | 1586 | 1585 | 1584 | 1583 | 1582 | 1581 | 1580 | 1579 | 1578 | 1577 | 1576 | 1575 |
| 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | 1960 | 1959 | 1958 | 1957 | 1956 | 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 | 1948 | 1947 | 1946 | 1945 | 1944 | 1943 | 1942 | 1941 | 1940 | 1939 | 1938 | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 | 1931 | 1930 | 1929 | 1928 | 1927 | 1926 | 1925 | 1924 | 1923 | 1922 | 1921 | 1920 | 1919 | 1918 | 1917 | 1916 | 1915 | 1914 | 1913 | 1912 | 1911 | 1910 | 1909 | 1908 | 1907 | 1906 | 1905 | 1904 | 1903 | 1902 | 1901 | 1900 | 1899 | 1898 | 1897 | 1896 | 1895 | 1894 | 1893 | 1892 | 1891 | 1890 | 1889 | 1888 | 1887 | 1886 | 1885 | 1884 | 1883 | 1882 | 1881 | 1880 | 1879 | 1878 | 1877 | 1876 | 1875 | 1874 | 1873 | 1872 | 1871 | 1870 | 1869 | 1868 | 1867 | 1866 | 1865 | 1864 | 1863 | 1862 | 1861 | 1860 | 1859 | 1858 | 1857 | 1856 | 1855 | 1854 | 1853 | 1852 | 1851 | 1850 | 1849 | 1848 | 1847 | 1846 | 1845 | 1844 | 1843 | 1842 | 1841 | 1840 | 1839 | 1838 | 1837 | 1836 | 1835 | 1834 | 1833 |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |







## 39

[illegible]

|  |                       |               |                   |                   |                  |         |         |
|--|-----------------------|---------------|-------------------|-------------------|------------------|---------|---------|
| Composites   | 3,553.8 <sup>1</sup>  | 3,588.2       | 3,531.1           | 3,580.0 (10/2/97) | 2,754.0 (2/2/97) |         |         |
| MONTREAL Portfolio   | 1,816.85 <sup>1</sup> | 1,814.23      | 1,816.15          | 1,816.1 (11/2/97) | 1,386.6 (22/1)   |         |         |
| * Indicates pre-show figure  |                       |               |                   |                   |                  |         |         |
| NYSE-Consolidated 1500 Actives   |                       |               |                   |                   |                  |         |         |
| Stocks   | 3,896.00              | Change on Day | Stocks            | 3,896.00          | Change on Day    |         |         |
| Traded   | Pric                  |               | Traded            | Pric              |                  |         |         |
| Western  | 2,640                 | + 1/4         | Texaco            | 1,420             | 24 1/2 + 3/4     |         |         |
| Sears Ro   | 2,620                 | + 1/4         | Gen Elec          | 1,410             | 100 1/2 + 1/4    |         |         |
| Health-Pack  | 1,840                 | 5 3/4         | Am Pharm          | 1,230             | 18 1/2 + 1/4     |         |         |
| Pacifi Int   | 1,480                 | 88 1/2 + 3/4  | Fal group         | 1,230             | 33 1/2 + 1/4     |         |         |
| AT&T   | 1,470                 | 1 1/4         | W Mart            | 1,180             | 55 1/2 + 1       |         |         |
| Advanta 680  | 840                   | 22 1/2 + 1/4  |                   |                   |                  |         |         |
| TOKYO - Most Active Stocks   |                       |               |                   |                   |                  |         |         |
| Thursday, February 10, 1997  |                       |               |                   |                   |                  |         |         |
| Stocks   | Closing               | Change on Day | Stocks            | Closing           | Change on Day    |         |         |
| Traded   | Pric                  |               | Traded            | Pric              |                  |         |         |
| Nippon Steel   | 287.720               | 286           | Nissai Zensu      | 38.600            | 155              | - 11    |         |
| Kobe Steel   | 122.510               | 281           | Miyazaki Ind      | 37.700            | 289              | - 7     |         |
| Mitsui Eng. & Ship   | 42.880                | + 18          | Nippon Yusen      | 37.570            | 589              | + 5     |         |
| Toshiba  | 61.230                | + 26          | Kumohatsu Ind     | 32.420            | 255              | - 4     |         |
| Sankyo Chemical  | 39.270                | 670           | Yokohama Electric | 31.580            | 518              | + 14    |         |
| LONDON - Most Active Stocks  |                       |               |                   |                   |                  |         |         |
| Thursday, February 10, 1997  |                       |               |                   |                   |                  |         |         |
| Stocks   | Closing               | Change on Day | Stocks            | Closing           | Change on Day    |         |         |
| Traded   | Pric                  |               | Traded            | Pric              |                  |         |         |
| Brit. Airways  | 27.000                | 108           | - 1/4             | AM. Lyons         | 16.200           | 378     | - 5     |
| Brit Gas   | 22.000                | 72            | - 1/2             | Brit Telecom      | 16.000           | 237 1/2 | - 1 1/2 |
| Sears  | 15.000                | 126           | - 1/2             | Philips Ind       | 15.000           | 721     | 2       |
| Com. Union   | 17.000                | 342           | - 10              | Playway           | 11.800           | 211     | - 2     |
| Reckitt Ben  | 17.000                | 162           | - 4 1/2           | Strat             | 8.240            | 174 1/2 | - 5 1/2 |
| <p>Base value of all indices are 100 except Brussels 85-1,000, JSE Gold-259.7, JSE Industrial-264.2, and Australia, All Ordinary and Metals-500.</p> <p>NYSE All Common-500, Standard and Poors 100 and Toronto Composite and Metals-1,000. Toronto indices based 1970, and Montreal Portfolio 4/1/83.</p> <p>1 Excluding bonds. \$400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed, u Unavailable.</p>   |                       |               |                   |                   |                  |         |         |
| <p>** Saturday February 14: Japan Nikkei (c), TSE (c).<br/>Base value of all indices are 100 except Brussels 85-1,000, JSE Gold-259.7, JSE Industrial-264.2, and Australia, All Ordinary and Metals-500.<br/>NYSE All Common-500, Standard and Poors 100 and Toronto Composite and Metals-1,000. Toronto indices based 1970, and Montreal Portfolio 4/1/83.<br/>1 Excluding bonds. \$400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed, u Unavailable.</p> |                       |               |                   |                   |                  |         |         |

TOYOTA South Africa, the country's largest motor manufacturer, increased profits because of higher selling prices in 1986 although, the local motor industry posted its lowest sales in a decade.

The year's turnover has not been disclosed, but the operating profit before interest and tax was R86.9m (\$31.95m) against R37.9m. The pre-tax profit rose to R34.8m from R12.9m.


The industry's car sales dropped to 174,453 units in 1986 from 204,322 in 1985 and Toyota's own sales for the year dropped to 45,384 units from 48,852.

The directors say it was neces-

sary to increase car prices at a rate well above domestic inflation, and motor industry analysts have warned that this could lead to even lower sales in 1987.

Toyota's directors believe that price increases will be more realistic this year and expect modest sales growth. A total dividend of 100 cents has been declared from net earnings of 505 cents. In 1985, the dividend was 25 cents and a deficit of 1,316 cents a share was recorded due to foreign exchange losses.

Toyota of Japan has no equity interest in Toyota South Africa, which is entirely South African-owned.

A map of Spain with several cities marked by dots and labeled. From north to south, the cities are: Bilbao, Barcelona, Madrid, Seville, and Lisbon. The map is oriented with the Atlantic Ocean to the west and the Mediterranean Sea to the east.



## CLOSING PRICES

**Continued on Page 41**



## 41

**OVER-THE-COUNTER** Nasdaq national market, closing prices

[illegible]

**Continued on Page 30**



# FINANCIAL TIMES

## WORLD STOCK MARKETS

### AMERICA

## Rate-sensitive issues help move to record

### WALL STREET

STRONG SELECTIVE buying in areas such as interest rate-sensitive stocks yesterday helped Wall Street edge ahead to a record for the third day in a row despite continued heavy profit taking, writes Roderick Oram in New York.

Credit markets were buoyed by news of economic cooperation talks in Paris this weekend and a larger than expected downward revision in fourth quarter gross national product figures which eased the upward pressure on interest rates.

The Dow Jones industrial average closed up 4.48 points at 2,241.09. It had drifted as low as 10 points down on the previous close before pulling ahead late in the session. A key influence was the 56¢ rise to \$147.75 by Merck, a Dow constituent, on hopes that one of its drugs would receive regulatory approval soon.

The Standard & Poor's 500 and the New York Stock Exchange composite index also set records edging up 0.15 to 285.57 and by 0.20 to 182.76 respectively. NYSE volume was heavy at 182m shares with advancing issues leading declining by a ratio of eight to seven.

Interest rate sensitive stocks such as banks, insurance companies and savings and loans attracted buyers. Citicorp gained 1 1/2% to \$58.75, Chase Manhattan Bank added 3/4% to 41 1/2%, Aetna rose 3/4% to \$68. Cigna advanced 1 1/2% to \$85.40 and Great Western Financial was ahead 5/8% to \$56.75.

Occidental Petroleum, down 1 1/2% to \$31.4, said it would issue 50m shares in one of the market's largest secondary offerings. Oil stocks continued to decline in the face of weak oil price. Exxon was off 1 1/2% to \$81.4, Chevron fell 1/2% to \$49.75, Texaco added 1 1/2% to \$34.75, Amoco lost 1/2% to \$72.75 and Atlantic Richfield shed 3/4% to \$68.75.

In the takeover arena, Borg Warner rose 1 1/2% to \$41.75 on heavy volume. Mr. Irwin Jacobs, the Minneapolis-based corporate raider, said he would launch a bid if "friendly" takeover talks failed.

Piedmont Aviation jumped 3 1/2% to \$69.75, USAir, off 3 1/2% to \$42.75, launched a \$71.4 share counterbid for the airline, topping an earlier offer from Northwest Southern which rose 5 1/2% to \$97.75.

PaineWebber was unchanged at \$37. Its shareholders approved anti-takeover measures.

Stocks of securities firms remained mixed amid concerns that insider trading scandals could depress takeover activity and attract lawsuits. Salomon Inc slipped 1/2% to \$39.75, Morgan Stanley lost 1/2% to \$71.75, Merrill Lynch fell 1/2% to \$45.75 while E. F. Hutton added 1/2% to \$40.75. Bear Stearns rose 1/2% to \$20.75 and First Boston gained 1/2% to \$49.75. Gulf & Western climbed 1 1/2% to \$76.75 and Warner Communications

slipped 1/2% to \$29.75. Gulf said its was taking a 50 per cent stake in Warner's cinema operations. Coca-Cola was unchanged at \$45.75. It reported fourth-quarter net profits of 82 cents a share against 39 cents a year earlier and raised its quarterly dividend to 26 cents a share from 20 cents.

Campbell Soup added 1/2% to \$61.75 after reporting a slight slip in second-quarter per share profits to \$1.08 from \$1.10 a year earlier. Among other food companies, Pillsbury advanced 1 1/2% to \$42.75. General Mills was unchanged at \$50 and RJR Nabisco eased down 1/2% to \$62.75.

Hewlett Packard gave up 3/4% to \$53.75 after disappointing the market with first-quarter net per share of 45 cents against 43 cents a year earlier.

Other high-tech stocks were mixed. Motorola was off 1/2% to \$49.75. Digital Equipment added 1/2% to \$155.75. IBM advanced 1 1/2% to \$139.75.

Dayton Hudson, up 1 1/2% to \$44.75, said it was planning a television home shopping venture. J. C. Penney, up 1/2% to \$93.75, announced a similar move on Wednesday. Home Shopping Network, which is already in the business, fell a further 1 1/2% to \$27.75 on the American Stock Exchange following Wednesday's news of the breaking off of merger talks with Combs, a specialised retailer.

Credit markets perked up on hearing a wide range of good news. The price of the benchmark 7.50 per cent Treasury long bond rose 1/4% of a point to 99 1/2% yielding 5.53 per cent.

The dollar was boosted by the prospect of agreement on economic policies at meetings of the Groups of Five and Seven industrialised countries in Paris this weekend.

But the longer-term impact of the dollar on the bond markets was not so encouraging. Mr. Paul Volcker, chairman of the Federal Reserve Board, told Congress the currency had become the Fed's main preoccupation. This implied that the Fed could be willing to raise interest rates if it felt the dollar needed such support.

### CANADA

THE BUDGET provoked limited response from Toronto share prices, which were mixed in active trading.

However, steel stocks mainly gained from the new tariffs announced on certain steel imports, with Stelco Class A up 1/2% to \$32.75 and Dofasco 1/2% higher at \$32.75. Algoma Steel moved against the trend with a 1/2% fall to \$31.75.

In mines, Noranda added 1/2% to \$33.75 amid news that the group expects federal recommendation to day that the strike be settled at its Home copper division in Quebec. Montreal was slightly easier with oil stocks showing the biggest fall.

Carla Rapoport, Chris Sherwell and Roderick Oram look at Aids-related stocks

## Growing fears trigger speculation

THE GROWING GLOBAL fear of acquired immune deficiency syndrome (Aids) has generated intense speculation in stocks linked tentatively or actively with attempts to find a cure. Some of the greatest interest has taken place in Tokyo, Sydney and New York.

Always desperate for a new theme, the Tokyo Stock Exchange has turned to Aids-related stocks with enthusiasm. More than 100 stocks have benefited from the speculation. The biggest winner to date has been Okamoto, Japan's largest maker of condoms, which has seen its shares more than triple this year. It is now at ¥1,800 (¥11.70) this week. Ajinomoto, one of the leading Aids-related issues, jumped ¥220 yesterday to ¥2,570.

Nearly every Japanese pharmaceutical maker, whether it has an Aids therapy in tests or not, has benefited. The excitement has spread to stocks with no real relation to the disease, such as Fumakilla, a second section stock which makes mosquito repellent - brokers had been telling clients that mosquitoes could be responsible for spreading Aids.

Other beneficiaries have been syringe makers, condom-making machinery companies and even liquorice companies, on the basis that a liquorice derivative might turn out to be an Aids treatment. But significantly, the Aids phenomenon has increased foreign stock investment by the Japanese who see bigger growth overseas than at home.

In Australia, the shares of two companies have attracted the most attention: Pacific Dunlop and Private Blood Bank.

Pacific Dunlop was the most active stock yesterday with over 12.8m shares changing hands - high by Australian standards. It gained 6 cents to A\$5.14 (US\$3.42), a rise of A\$1.02 since the start of the month and A\$2.48 so far this year.

Pacific Dunlop's subsidiary, Ansell International, is the world's largest producer of rubber gloves and a major manufacturer of condoms.

Private Blood Bank, which was only listed in December, has seen an even more dramatic rise, although volume has been lower because the company is much smaller.

Yesterday its shares climbed to A\$9.90, from A\$6.00 a week earlier and A\$2.20 at the beginning of the year. On the first day of trading they closed at A\$1.30.

The company offers facilities for the personal storage of blood. This aims to remove the risk of infection from a transfusion of blood which could be carrying the Aids virus.

At the low-tech end of the business, condom manufacturers are booming with further fast growth ahead now that television networks and newspapers have backed down from earlier bans on condom advertising. The success of Carter Wallace, the leader with its Trojan brand accounting for 52 per cent of the market, has prompted a flood of competition. Its

stock price doubled from \$75 to \$150 in January only to fall back to \$124 in the past few weeks as competition has intensified.

In the service sector, American Medical International broke new ground last year by setting up a 150-bed hospital in Houston in conjunction with the University of Texas to treat Aids patients.

On Wall Street, as soon as a company announces a potentially promising drug, its shares rocket only to fall rapidly when the group faces regulatory hurdles and attempts to commercialise the product.

The most spectacular of these has been ICG Pharmaceuticals, a California company with sales of just over \$100m a year. Its stock price more than tripled in the past year to a high of \$34, with the last surge coming after it claimed a drug it developed 17 years ago showed great potential for inhibiting the Aids virus. In recent weeks the price has fallen to \$20 as the company began the quest for regulatory approval.

Some companies are already benefiting from Aids-related products. Abbott Laboratories, a wide ranging drug company and the first to win a US licence for an Aids blood test, is trading near a 52-week high of around \$62. Burroughs-Wellcome, the US subsidiary of Wellcome of the UK, is about to get approval for its AZT antiviral drug which will be the most expensive prescription drug in the US at \$10,000 per patient per year at retail prices.

### ASIA

## Peak run above 20,000 again

### TOKYO

EXPECTATIONS of an interest rate reduction rose sharply in Tokyo yesterday when it became clear a Group of Seven session would be held this weekend, and share prices surged to an all-time high, writes Shigeo Nishitani of Jiji Press.

Prices advanced across the board, with the exception of large-capital stocks. Leading players were blue chips, chemicals, budget-affected issues and financial stocks.

The Nikkei average surged 346.33, its sixth largest single-day gain, to close at 20,228.09, eclipsing the previous record high of 20,072.09 registered on February 2.

Turnover, however, shrank from Wednesday's 1.83bn shares to 1.42bn as trading shifted to high-priced blue chips. Advances led losses 555 to 337, with 107 issues unchanged.

The prospect of the G-7 meeting in Paris drove up blue chips on a broad front, with investors expecting it to coincide with a cut in the Bank of Japan's official discount rate by 0.5 per cent to 2.5 per cent per annum.

Major gains among blue chips were made by issues related to digital audio tape recorders, which will hit the domestic market in March. Sony shot up ¥220 to ¥3,590 and TDK ¥210 to ¥3,800, while Matsushita Electric Industrial finished ¥80 higher at ¥2,000. Among other blue chips, Toyota Motor jumped ¥130 to ¥1,910, NEC ¥90 to ¥2,080 and Canon ¥83 to ¥970.

Biotechnology-related stocks firmed, with Fujisawa Pharmaceutical rising ¥100 to ¥1,870, Takeda Chemical ¥70 to ¥2,700 and Sankey ¥50 to ¥1,610.

However, Aids-related issues were mixed as investors apparently narrowed their investment targets. Ajinomoto, one of the leaders among Aids-related issues, scored a ¥220 increase to ¥2,570, but Sanyo Kokusaku Pulp and Mitsubishi Kakoki Kaisha dropped ¥15 and ¥36 to ¥504 and ¥532, respectively.

Budget-affected stocks drew buy orders after being neglected for many sessions, as investors took the view that the G-7 meeting would urge Japan to expand public works investment to stimulate domestic demand.

The Tokyo Stock Exchange (TSE) has decided to strengthen margin trading regulations from today to curb the current overheating of the market.

Bond buying by dealers continued to gather momentum, mirroring the imminent central bank decision on interest rates. Life insurance companies and trust banks also stepped up trading. The yield on the 5.1 per cent government bond due in June 1986 finished at 4.705 per cent compared with 4.755 per cent on Wednesday in block trading on the TSE. But in inter-dealer trading later, the yield rose to 4.725 per cent.

### AUSTRALIA

INDUSTRIAL, media and resources stocks attracted heavy demand in Sydney, driving the All Ordinaries index 9.9 higher to a record close of 1,589.2.

The market's strength was underpinned by takeovers and bid speculation, high liquidity and a firm Australian dollar.

In heavy turnover, resources group BHP was steady at A\$10.45 on 11.3m shares traded, 10m in one block trade.

Bond Corp was steady at A\$2.70 in advance of news of higher first-half earnings.

In the active media sector, John Fairfax lost A\$1.00 to A\$18.50 after the group's newspapers said recently bought shares had gone to friendly institutions, not predators.

### HONG KONG

PROFIT-MAKING by local investors dominated the session in Hong Kong after the record run earlier in the week. The Hang Seng index fell 25.86 to 2,775.82, while the Hong Kong index was down 17.86 at 1,781.97.

The mood was dampened by fears that the Hong Kong dollar's weakness would bring a rise in the discount rate.

In lower turnover, Sun Hung Kai Properties dropped 40 cents to HK\$22.60.

### SINGAPORE

THE BUYING WAVE continued in Singapore as institutions snapped up blue chips, pushing the Straits Times industrial index up 17.23 to 1,048.82, just 25 points short of its February 1984 record.

Turnover was a very heavy 59.5m shares compared with 45.3m on Wednesday. Banks performed strongly,

### EUROPE

## Frankfurt rebounds on dollar hopes

EUROPEAN BOURSES were dominated yesterday by the dollar's recovery on news that the leading industrial countries are to meet in Paris this weekend.

The news lifted some bourses but doubts remained over whether the meeting would produce the long-sought currency stability.

Frankfurt rose sharply on hopes that a stable dollar would improve the outlook for West German exports. In an upsurge led by dollar-sensitive blue chips, the Commerzbank index gained 45.6 to 1,753.9.

Car manufacturer Daimler-Benz, which reported a strong climb in sales, put on DM 23 to DM 855. BMW was up DM 17 to DM 496 and VW ahead DM 8 to DM 350, while Porsche rose DM 19 to DM 884.

Banks were well ahead, with Deutsche rising DM 10.50 to DM 875 after a session high of DM 878, and Commerzbank and Dresdner adding DM 7.50 to DM 287.50 and DM 357 respectively.

In engineering, Mannesmann gained DM 3.40 to DM 132.50. The group said 1986 profits fell because of the weak dollar and poor demand for steel piping. Retailers were firm, with Karstadt adding DM 6.30 to DM 452.80.

### LONDON

THE RECORD RUN came to an abrupt halt yesterday as profit-takers moved in although institutional investors remained on the sidelines. The FT-SE 100 plunged 21.9 to 1,930.1 and the FT Ordinary dropped 7.5 to 1,542.5.

British Airways remained the most active with 27m shares changing hands and lost 1 1/2% to 186p. British Gas, also active, dropped 1p to 72p on 22m shares.

Glaxo continued to find buyers and added 1/2% to £14.75 on 3.2m shares, while Guinness picked up 3p to 30p on 8.8m shares as speculation continued over a possible bid for the brewer.

Gilt traders were concerned over the health of sterling and the possibility of a rate cut in Japan. Longs finished with gains of up to 1/4% after earlier advances of 1 1/2 points. Details, Page 38.

terday by Mr. Paul Volcker and Mr. James Baker.

Internationals were mainly steady or higher, with KLM up 80 cents to £141.70 after France granted the airline permission for a new service between Amsterdam and Lyons.

Paris gained late in the session on news of the weekend meetings in the French capital and on the firmer dollar.

Export-oriented stocks benefited, including BSN Gavay, FT 100 higher at FF 4,680 after saying it expects a sharply higher 1986 profit.

Amsterdam was mixed to firmer as foreign investors moved back into the market. The positive undertone rested on the dollar's rise and the weekend G-5 and G-7 meetings, but there was also caution over the meetings' likely success and over testimony to the US Congress yesterday by Mr. Paul Volcker and Mr. James Baker.

Other miners stocks were mixed, with De Beers steady at R40 and Rustenburg Platinum gained 70 cents to R51.80.

Mixed industrials saw Barlow Rand off 40 cents at R19.10 and Seppi up 50 cents at R23.50.

### SOUTH AFRICA

AFTER SHARP falls in early trading, gold shares in Johannesburg picked up a little on the slightly firmer dollar.

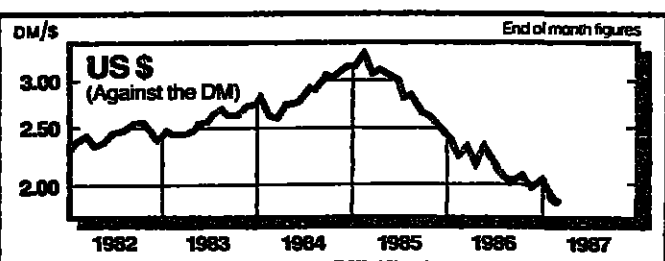
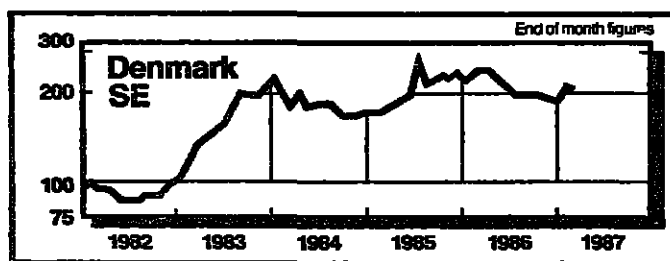
Veal Reefs finished R4.50 lower at R353.50 after falling to R353 and Harties ended 75 cents higher at R21.50 after a low of R20.25.

Mining financials were little changed with Anglo American steady at R67.25 and Gencor off 25 cents at R61.

Other miners stocks were mixed, with De Beers steady at R40 and Rustenburg Platinum gained 70 cents to R51.80.

Mixed industrials saw Barlow Rand off 40 cents at R19.10 and Seppi up 50 cents at R23.50.

### KEY MARKET MONITORS



### STOCK MARKET INDICES

|                | Feb 19   | Previous Year ago |
|----------------|----------|-------------------|
| NEW YORK       | 2,241.09 | 2,237.63          |
| DJ Industrials | 2,241.09 | 2,237.63          |
| DJ Transport   | 251.07   | 253.00            |
| DJ Utilities   | 221.36   | 221.36            |
| S&P Comp.      | 225.57   | 225.42            |

|            | Feb 19   | Previous Year ago |
|------------|----------|-------------------|
| LONDON FT  | 1,542.5  | 1,550.0           |
| SE 100     | 1,542.5  | 1,550.0           |
| AIR-share  | 960.83   | 971.13            |
| A 500      | 1,054.32 | 1,075.27          |
| Gold mines | 288.2    | 293.0             |
| A Long ght | 9.70     | 9.75              |

|          | Feb 19    | Previous Year ago |
|----------|-----------|-------------------|
| TOKYO    | 20,228.09 | 19,881.76         |
| Nikkei   | 20,228.09 | 19,881.76         |
| Tokyo SE | 1,782.87  | 1,736.72          |

|                | Feb 19  | Previous Year ago |
|----------------|---------|-------------------|
| AUSTRALIA      | 1,589.2 | 1,578.7           |
| All Ord.       | 1,589.2 | 1,578.7           |
| Mitani & Mins. | 766.6   | 756.2             |

|               | Feb 19   | Previous Year ago |
|---------------|----------|-------------------|
| AUSTRIA       | 2,336.45 | 2,306.22          |
| Credit Aldien | 2,336.45 | 2,306.22          |

|            | Feb 19   | Previous Year ago |
|------------|----------|-------------------|
| BERLIN DAX | 4,172.13 | 4,180.57          |
| Belgian    | 4,172.13 | 4,180.57          |

|             | Feb 19   | Previous Year ago |
|-------------|----------|-------------------|
| CANADA      | 2,515.1  | 2,494.9           |
| Met & Mins. | 2,515.1  | 2,494.9           |
| Composite   | 3,582.5  | 3,580.0           |
| Blondell    | 1,814.73 | 1,814.73          |
| Portfolio   | 1,814.73 | 1,814.73          |

|               | Feb 19 | Previous Year ago |
|---------------|--------|-------------------|
| FRANCE        | 415.10 | 415.70            |
| CAC Gen       | 415.10 | 415.70            |
| Ind. Tendance | 104.80 | 104.20            |

|              | Feb 19   | Previous Year ago |
|--------------|----------|-------------------|
| WEST GERMANY | 561.19   | 565.29            |
| FAZ-Aalen    | 561.19   | 565.29            |
| Commerzbank  | 1,753.00 | 1,706.30          |

### HONG KONG

|           | Feb 19   | Previous Year ago |
|-----------|----------|-------------------|
| Hong Kong | 2,775.82 | 2,801.46          |
| Italy     | 680.83   | 680.83            |

|             | Feb 19 | Previous Year ago |
|-------------|--------|-------------------|
| NETHERLANDS | 283.50 | 282.50            |
| ANP CBS     | 283.50 | 282.50            |
| Ind         | 248.50 | 248.50            |

|         | Feb 19 | Previous Year ago |
|---------|--------|-------------------|
| NORWAY  | 382.85 | 380.27            |
| Ole Ole | 382.85 | 380.27            |

|               | Feb 19   | Previous Year ago |
|---------------|----------|-------------------|
| SINGAPORE     | 1,048.82 | 1,029.50          |
| Straits Times | 1,048.82 | 1,029.50          |

|              | Feb 19  | Previous Year ago |
|--------------|---------|-------------------|
| SOUTH AFRICA | 1,816.0 | 1,816.0           |
| Gold         | 1,816.0 | 1,816.0           |
| Industrials  | 1,816.0 | 1,816.0           |

|           | Feb 19 | Previous Year ago |
|-----------|--------|-------------------|
| SPAIN     | 249.53 | 249.53            |
| Madrid SE | 249.53 | 249.53            |

|        | Feb 19   | Previous Year ago |
|--------|----------|-------------------|
| SWEDEN | 2,336.45 | 2,306.22          |
| J & P  | 2,336.45 | 2,306.22          |

|                | Feb 19 | Previous Year ago |
|----------------|--------|-------------------|
| SWITZERLAND    | 576.30 | 571.20            |
| Swiss Bank Ind | 576.30 | 571.20            |

|               | Feb 19 | Previous Year ago |
|---------------|--------|-------------------|
| WORLD         | 405.60 | 404.5             |
| MS Cap. Int'l | 405.60 | 404.5             |

|                      | Feb 19   | Previous Year ago |
|----------------------|----------|-------------------|
| COMMODITIES (London) |          |                   |
| Silver (spot)        | 354.50p  | 352.00p           |
| Copper (cash)        | 292.50   | 292.00            |
| Coffee (March)       | 1,465.00 | 1,455.00          |
| Oil (Brent)          | 16.85    | 16.925            |

|                  | Feb 19 | Previous Year ago |
|------------------|--------|-------------------|
| GOLD (\$/oz)     |        |                   |
| London           | 385.00 | 380.25            |
| Zurich           | 382.75 | 380.25            |
| Paris (Bullion)  | 382.75 | 380.25            |
| Luxembourg       | 382.25 | 380.30            |
| New York (April) | 402.70 | 394.3             |

### CURRENCIES (London)

|     | US DOLLAR |          | STERLING |          |
|-----|-----------|----------|----------|----------|
|     | Feb 19    | Previous | Feb 19   | Previous |
| \$  | -         | -        | 1.5260   | 1.5320   |
| DM  | 1.8335    | 1.8295   | 2.80     | 2.80     |
| Yen | 154.05    | 153.75   | 235      | 235.30   |